Getting Started in Consulting

Being the Best Boss You've Ever Had

Lynn Cherny & Gregory Raiz

Getting Started in Consulting

Or Worst

Being the Best Boss You've Ever Had

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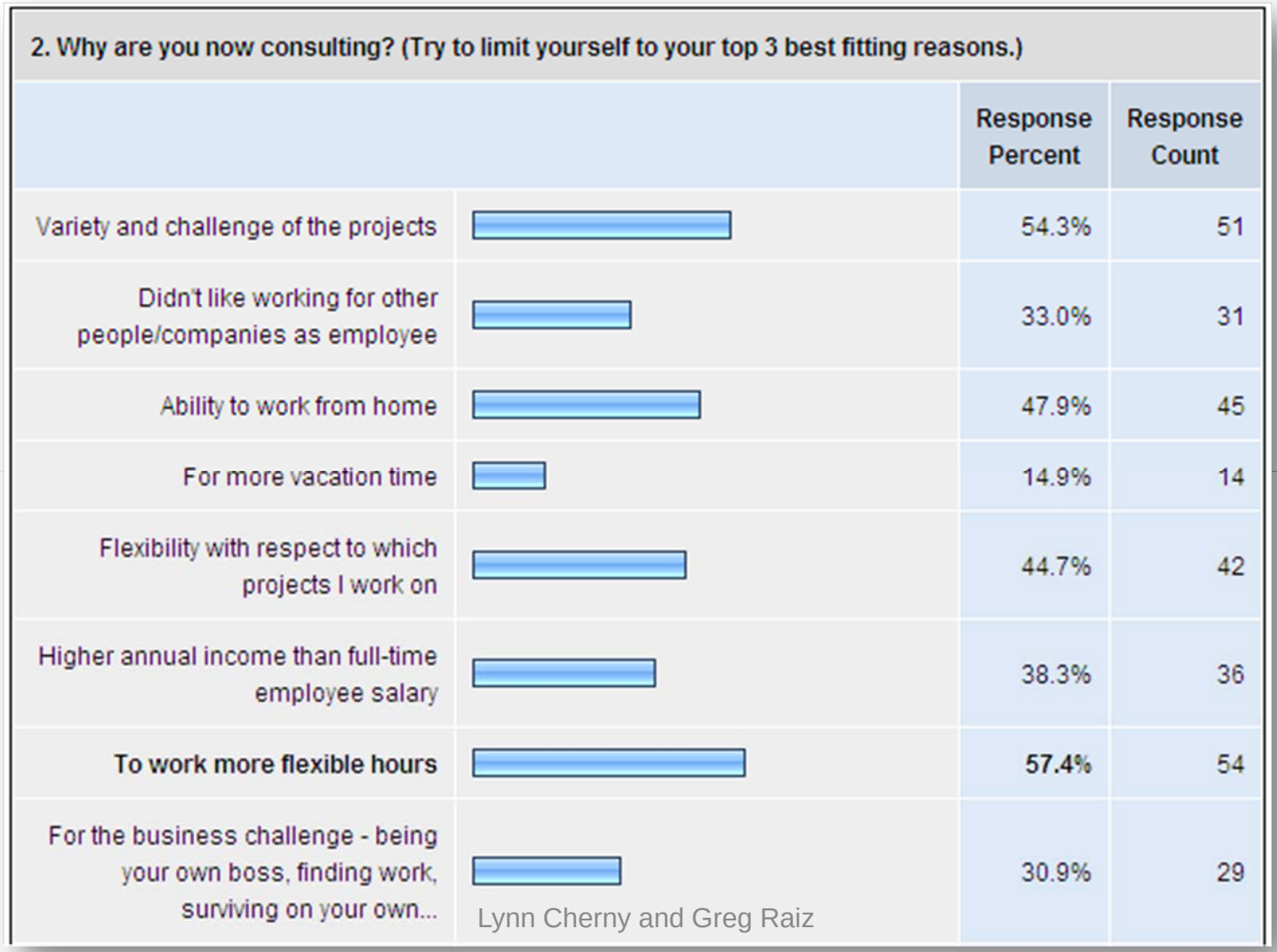
Intro and Agenda

1. Intro & who we are – Greg
2. Who are you, why are you here? – Lynn 30 min
3. Develop Your Niche (Activity) – Lynn 20 min
4. Legal Entities – Greg 15 min
5. Finding Clients & Internet Marketing - Greg & Lynn 45 min
6. Business Cards – Lynn 20 min
7. Lunch & Business Card Exchange – 30-40min
8. Closing the deal – Bids, Proposals and Contracts – Greg 25 min
9. What to Charge and How / Accounting 101 [Moved to separate deck] – Lynn
10. Client Management – 20 min - Greg
11. Tips, Tricks and Horror Stories / Getting Started With No Cash Cushion
12. Appendix: A few more charts

Who are we?

- Introductions – Us
  - Greg Raiz, Raizlabs
  - Lynn Cherny, Ghostweather R&D
- You!
  - Consultant now?
  - Considering it, why?
  - **Give us a quick** bio

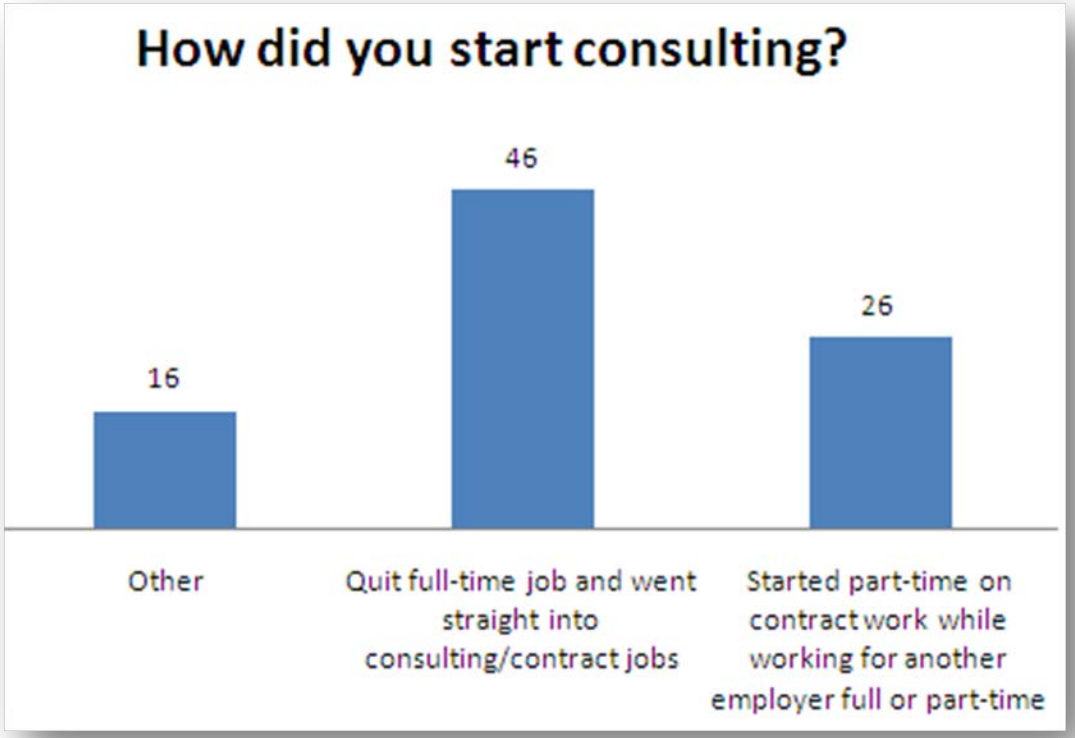
We did a survey of consultants in design fields … "Why do you consult?"



2. Why are you now consulting? (Try to limit yourself to your top 3 best fitting reasons.)

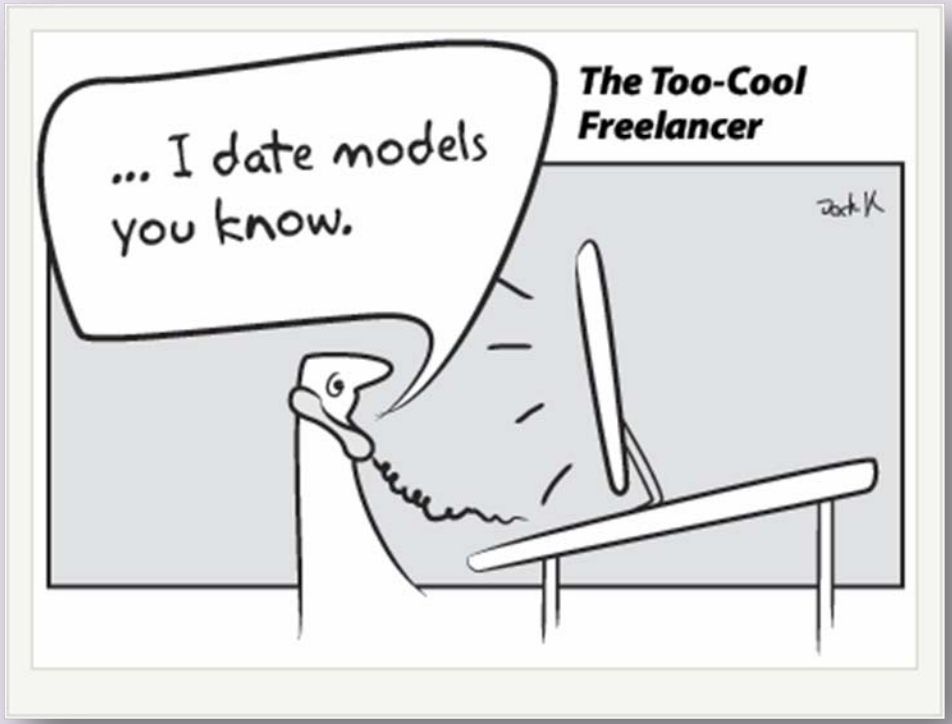
	Response Percent	Response Count
Variety and challenge of the projects	54.3%	51
Didn't like working for other people/companies as employee	33.0%	31
Ability to work from home	47.9%	45
For more vacation time	14.9%	14
Flexibility with respect to which projects I work on	44.7%	42
Higher annual income than full-time employee salary	38.3%	36
To work more flexible hours	**57.4%**	54
For the business challenge - being your own boss, finding work, surviving on your own...	30.9%	29

“How did you get started?”



WHO ARE YOU AS A BUSINESS

Your Niche



Freelanceswitch.com

What do you sell?
What do you want to be?

Types of Sales Package

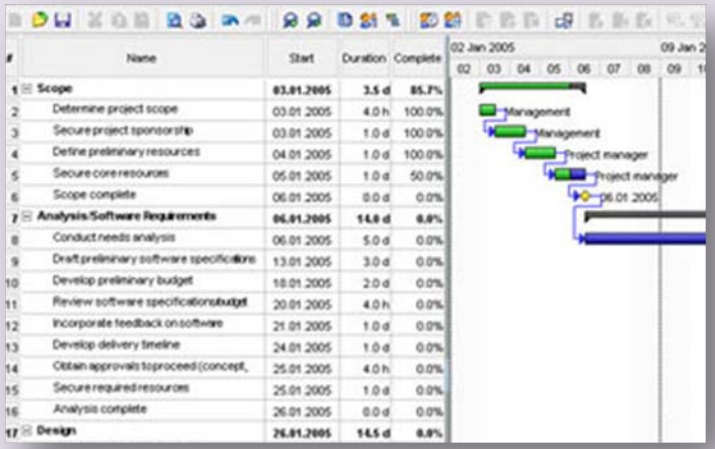
- Workshops, brainstorming
- Project delivery
- Long-term design support
- Expert reviews with upsell
- Persona creation

Skills to Sell

- Data analysis (web logs, etc)
- UI wireframes and specs
- User testing
- Reviews of existing sites/designs (“heuristic”)
- Prototyping
- Web design + Dev
- Brand studies
- Customer research

Who do you talk to?

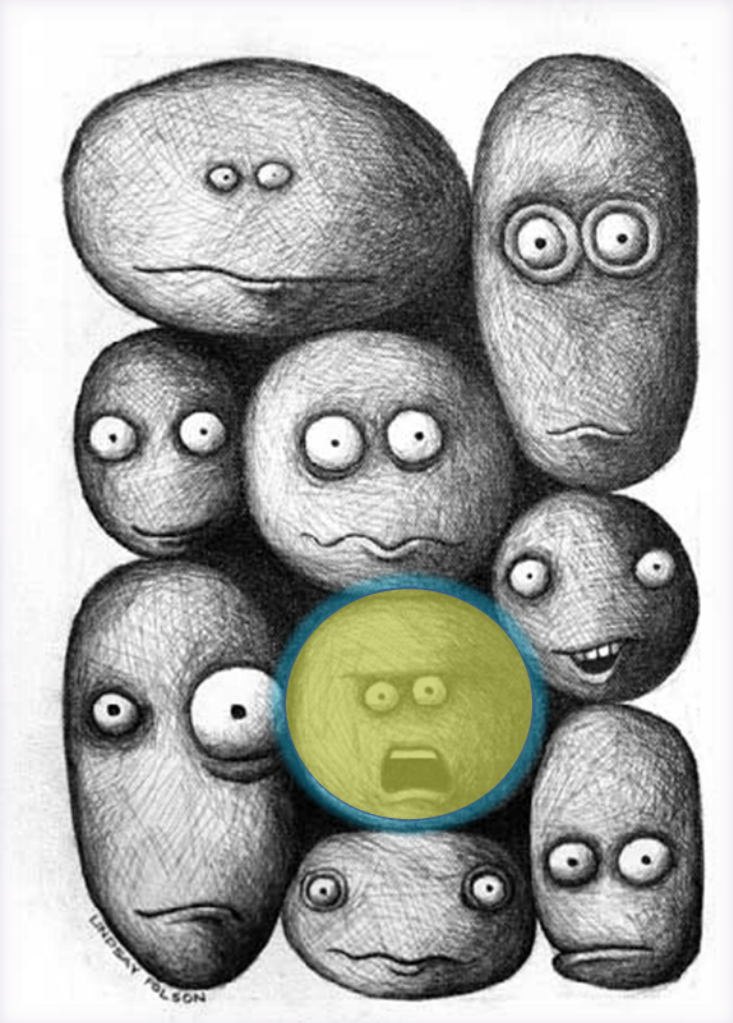
- **Engineering**



#	Name	Start	Duration	Complete
1	**Scope**	**03.01.2005**	**3.5 d**	**85.7%**
2	Determine project scope	03.01.2005	4.0 h	100.0%
3	Secure project sponsorship	03.01.2005	1.0 d	100.0%
4	Define preliminary resources	04.01.2005	1.0 d	100.0%
5	Secure core resources	05.01.2005	1.0 d	50.0%
6	Scope complete	06.01.2005	0.0 d	0.0%
7	**Analysis/Software Requirements**	**06.01.2005**	**14.0 d**	**0.0%**
8	Conduct needs analysis	06.01.2005	5.0 d	0.0%
9	Draft preliminary software specifications	13.01.2005	3.0 d	0.0%
10	Develop preliminary budget	18.01.2005	2.0 d	0.0%
11	Review software specifications/budget	20.01.2005	4.0 h	0.0%
12	Incorporate feedback on software	21.01.2005	1.0 d	0.0%
13	Develop delivery timeline	24.01.2005	1.0 d	0.0%
14	Obtain approvals to proceed (concept,	25.01.2005	4.0 h	0.0%
15	Secure required resources	25.01.2005	1.0 d	0.0%
16	Analysis complete	26.01.2005	0.0 d	0.0%
17	**Design**	**26.01.2005**	**14.5 d**	**0.0%**

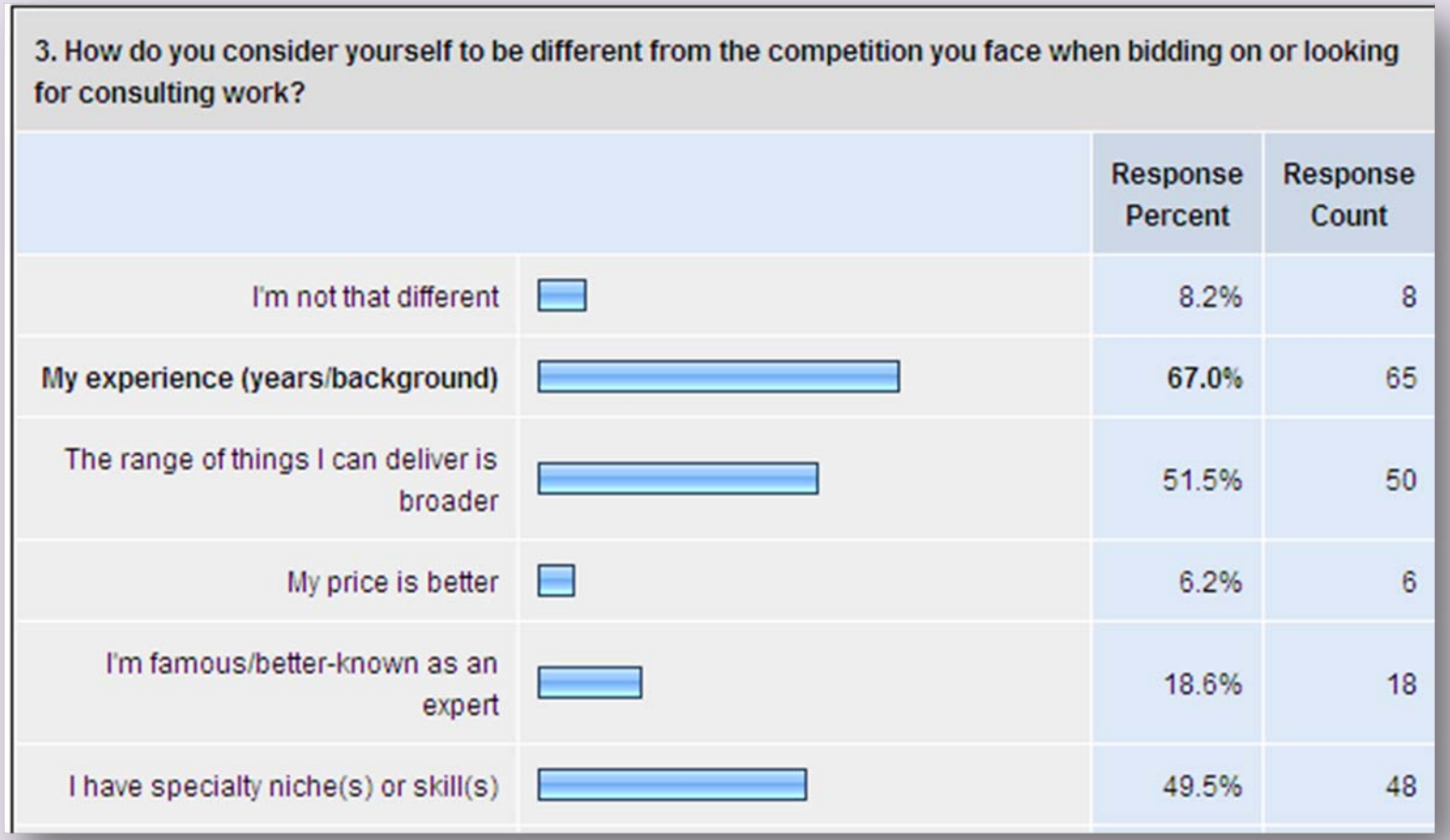
- Marketing

What does everyone else offer?



Art by Lindsay Polson, with Lynn's green highlight

“How are you different?”



3. How do you consider yourself to be different from the competition you face when bidding on or looking for consulting work?

	Response Percent	Response Count
I'm not that different	8.2%	8
My experience (years/background)	**67.0%**	65
The range of things I can deliver is broader	51.5%	50
My price is better	6.2%	6
I'm famous/better-known as an expert	18.6%	18
I have specialty niche(s) or skill(s)	49.5%	48

Niche Activity

What special skills do you have?

(See worksheet.)

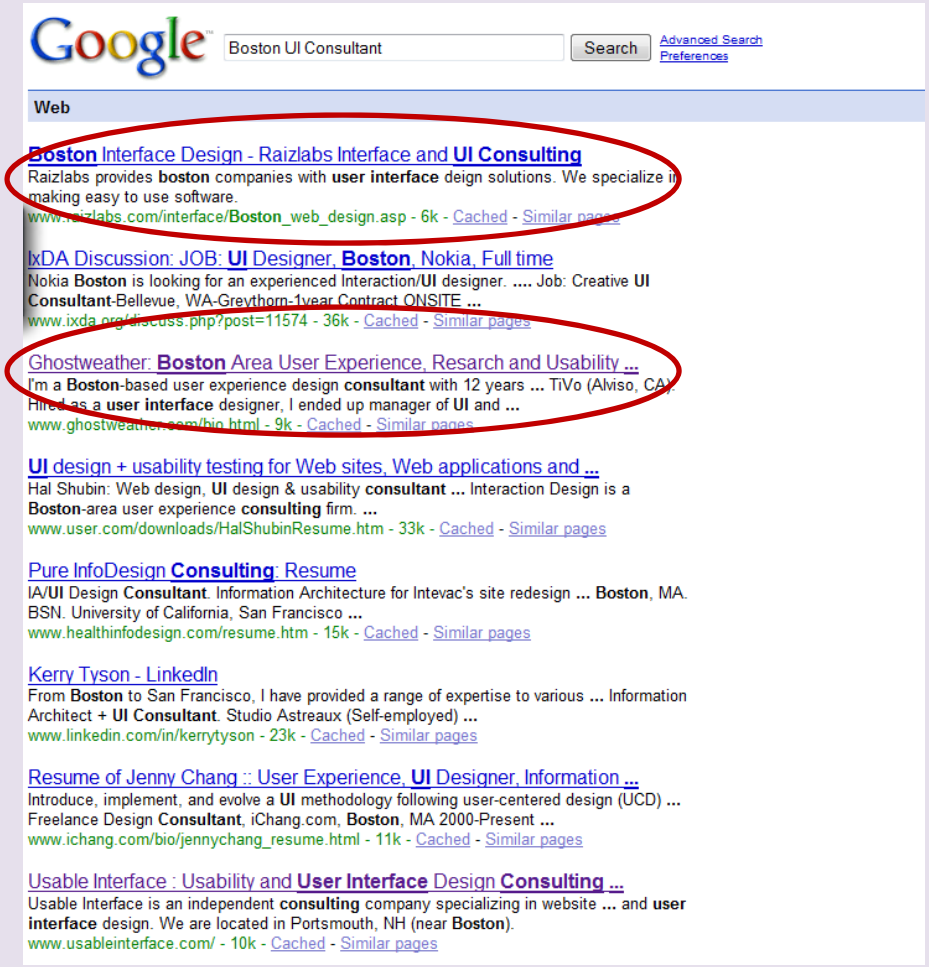
Also: How many years of experience do you have? Write this down too.

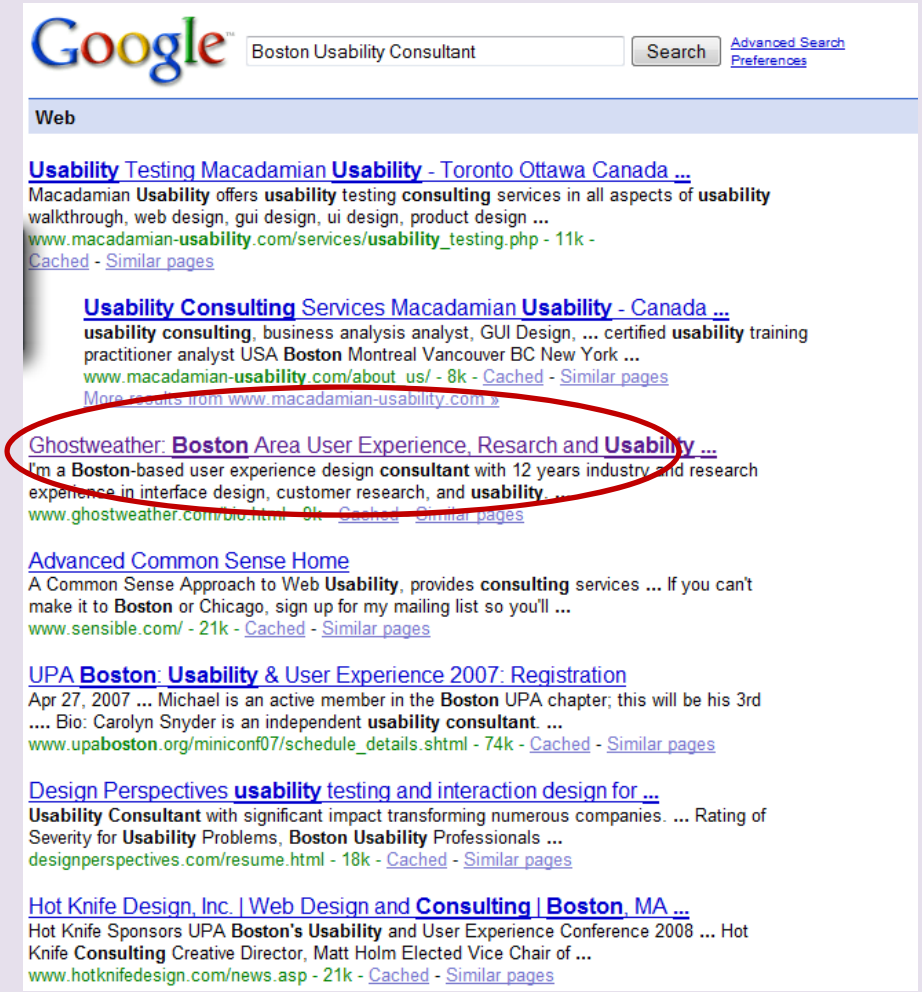
Tip: Remember this when building your website, portfolio, and business card!

Survey said…. Maybe not all great.

	Comment Text
1.	I approach every project for a business perspective first which resonates with the clients and differentiates my work from others who they have talked to.
2.	I get along with others very well :-)
3.	I have done e-commerce, financial web applications, interactive CDs, mobile and web applications. I have a specialty designing the workflow for consumer digital-media editing software (ie. video-editing, photo-editing, DVD authoring) for both desktop and web platforms.
4.	I communicate well, and come across as trustworthy.
5.	I focus on user research and evaluation and will work with larger groups to augment their team. I also specialize in the education industry.
6.	I'm only famous in Australia. :-Z
7.	With colleagues we can provide design, evealuation and accessibility services.
8.	I'm not famous compared to the book authors, but have a great reputation around town.
9.	I test and design user interfaces to medical information systems
10.	I position myself as the one to go to if you want creativity and humor

How will people find you?



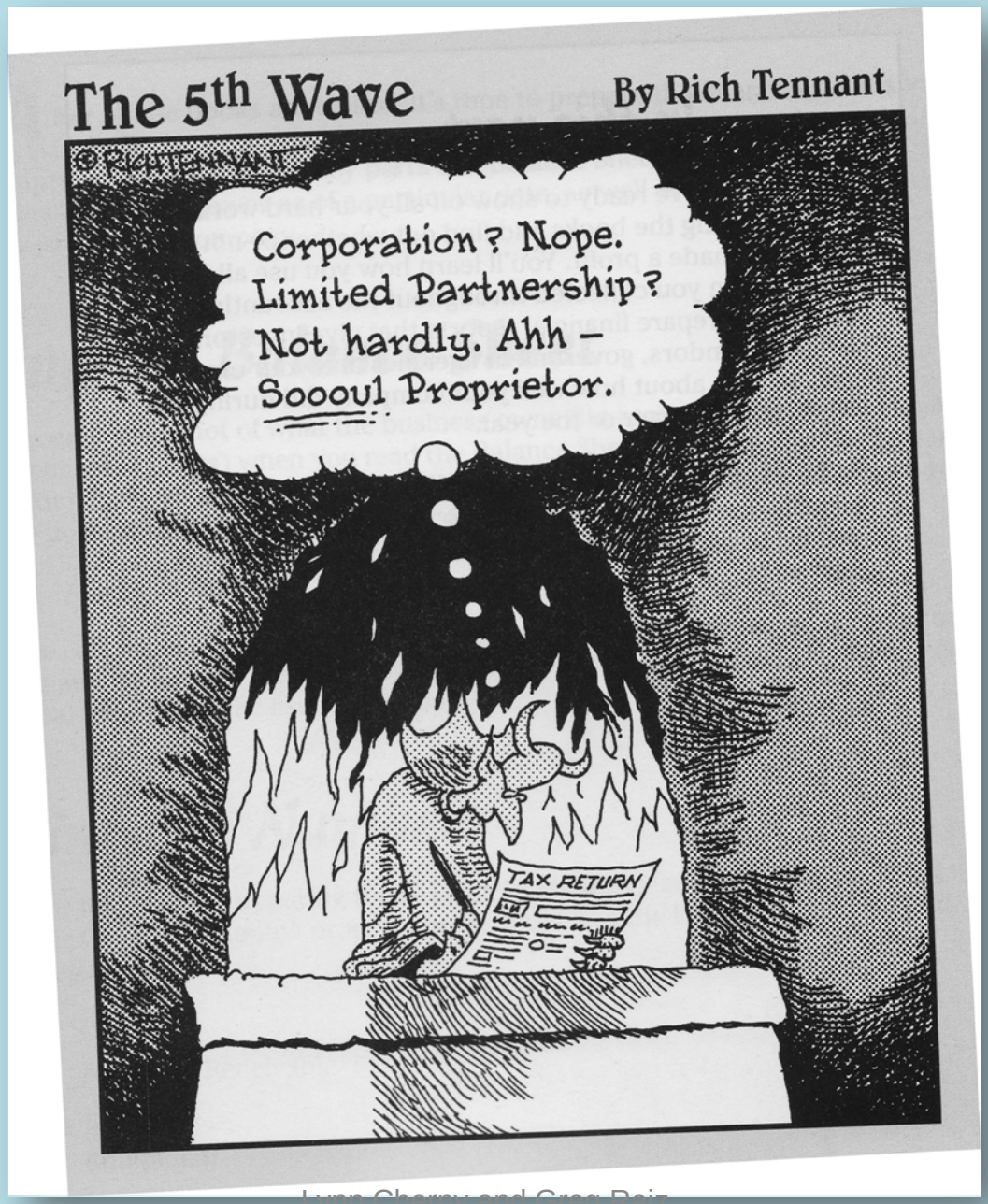


LEGAL ENTITIES

Legal Entities

- Individual Sole proprieter
- Partnership
- LLC's
- Corporations
  - S corp
  - C corp

(I'm not a lawyer, this isn't legal advice)



From the Bookkeeping for Dummies workbook

“What type are you?”

3. What legal entity are you for your consulting business?		Response Percent	Response Count
Sole Proprietorship		46.5%	33
LLC		31.0%	22
S-Corp		15.5%	11
C-Corp		4.2%	3
Partnership		0.0%	0
I don't know		2.8%	2

Sole proprieter

- Quick and Easy
- Doing Business As (DBA)
- Low cost
- Lower legal bar
- Lower protection

Partnership

- Going into business together
- Shared responsibilities
- Shared risk & reward
- Relatively simple
- Limited protection
- Articles of partnership
  - Business, Name of Firm, Duration, Investment

Limited Liability Company (LLC)

Hybrid between partnership and corp…

- Limited liability for owners (separate business from personal accounting)
- Pass-through income taxation
- Gives the impression of a larger company
- Single owners are taxed as a sole proprieter
  - (With multiple parties) LLC files a 1065 and gives the individuals a K-1 for their 1040

Corporations

- Greater legal protection
- Ability to have shareholders/investors
- S-corp allows pass-through income
- C-corp for large companies with investors
- More complex filings, taxes
- C-corp revenues are taxed twice
  - Once as earnings for the corp
  - Once again as personal earnings

I’m not a lawyer

- You will want legal advice.
  - Contracts
  - Employment
  - NDA’s (non-disclousure agreements)
- You can do it yourself, but know who to call if you need help.

Horror Story: Be careful buying on the internet

- How I ‘bought my corp’ online
- You get what you pay for:
  - IRS problems
  - EIN problems
  - Share distribution issues
  - Annual filing headache

FINDING CLIENTS/NETWORKING

Finding Clients / Networking

- Creating a simple lead funnel
- Using your Existing Contacts
- Online sites (monster, craigslist)
- Networking sites (Linkedin, Twitter)
- Organizations (UPA, CHI)
- Website leads
- Blogging/Publishing
- Advertising (Google/Overture)

Contacts
Networking
Advertising
Organizations
Publishing
Leads
Quality Leads
Prospective
Clients
Clients

Managing a lead funnel

A	B	C	D	E	F	G	H	I	J	K
Client Name	Priority	**Stage**	**Opportunity**	**Opportunity Cost**	**Space**	**Work**	**Contact**	**Notes**		
[redacted]		Past Client	Medium	Small	Environmental	Design	[redacted]	[redacted]		
[redacted]		Cold	Large	High	IT Business	Design/Developme	[redacted]	[redacted]		
[redacted]		Cold	Medium	Medium	E-commerce	Design	[redacted]	[redacted]		
[redacted]	B	In Progress	Small	Small	IT Business	Design	[redacted]	[redacted]		
[redacted]		Cold	Medium	High	Web 2.0	Design	[redacted]	[redacted]		
[redacted]	B	In progress	Medium	Small	Education	Design	[redacted]	[redacted]		
[redacted]		Cold	Medium	High	IT Business	Design	[redacted]	[redacted]		
[redacted]		Cold	Large	Medium	Tools	Design	[redacted]	[redacted]		
[redacted]		Cold	Large	Large	Web 2.0	Development	[redacted]	[redacted]		
[redacted]	A	In Progress	Medium	Medium	Tools	Design	[redacted]	[redacted]		Ea
[redacted]		Cold	Huge	Large	Mobile	Design/Developme	[redacted]	[redacted]		
[redacted]		Cold	Small	Small	Advertising	Design?	[redacted]			
[redacted]		Cold	Small	Small	IT Business	Design	[redacted]	[redacted]		
[redacted]		Cold	Medium	Medium	Health and Fitness	Design	[redacted]			
[redacted]		Closed	Medium	Large	Financial	Design	[redacted]	[redacted]		
[redacted]		In Progress	Small	Medium	Mobile	Design	[redacted]	[redacted]		
[redacted]			Small				[redacted]	[redacted]		
In Progress										
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]			
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]			
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]			
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]			

People you already know

- You know at least 200 people
  - Do they know you're consulting?
- Use your email signature to tell your message
- You don't need to spam your friends you just need to keep in touch
- Past employers and past co-workers can be great leads if you are on good terms

Online Job Sites

- Posting your resume on monster / hot jobs
  - High signal to noise, lots of recruiter traffic
- Prospect on craigslist
  - How to use signal to noise to your advantage.
- LinkedIn Profile – keep it up to date and get reviews of your past work
- Boston CHI, UPA Boston, ENET, WebInno, MIT Forum, BayCHI (& their consultants list), etc...

Some of Our LinkedIn Reviews

"In a 3 day project, Lynn was able to absorb the objectives and target audience of our service, earn the trust of the engineers, designers, and product mangers, and recommend important design corrections. Several months later those mid course user experience and design corrections are still spot on, and still being followed. Lynn was especially strong at knowing the fundamentals of good UE design for a consumer internet end user audience."

"Greg has worked with me in developing software for our customers, he has a good understanding of the business requirement and we have always been exceptionally happy with his quality of work and responsiveness."

Professional Organizations

- Get involved
- Find collaborators
- Find clients
- Get the jump on news, events, etc.
- Be seen as an expert/leader
- Build your resume
- Can’t volunteer? Present, run a workshop, show up, get involved.

Online Networking Sites

- LinkedIn – look up clients, post links to your site/resume to drive traffic to your business
- Keep a profile on Interaction-design.org (and others like it)
- Plaxo – links to your activity in other places, including blog updates
- Facebook, Twitter, Hi5, Bebo, Orkut, BrightKite, Technorati, FriendFeed, Delicious, Digg, Meetup, Plaxo, etc.

Links → drive search → Traffic

Survey says, Networking is Critical to Keep up the Leads

4. When you are between consulting jobs, what is the most frequent reason for not having work, in your estimation?

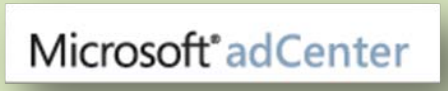
	Response Percent	Response Count
There are just fewer jobs out there at the time (economy or other factors)	20.4%	19
I choose not to work (don't need to, or on vacation)	25.8%	24
My rate is a little higher than others	6.5%	6
I haven't done a good job advertising or networking recently	**31.2%**	29
Need for my particular skills varies	7.5%	7

Blogging/Publishing

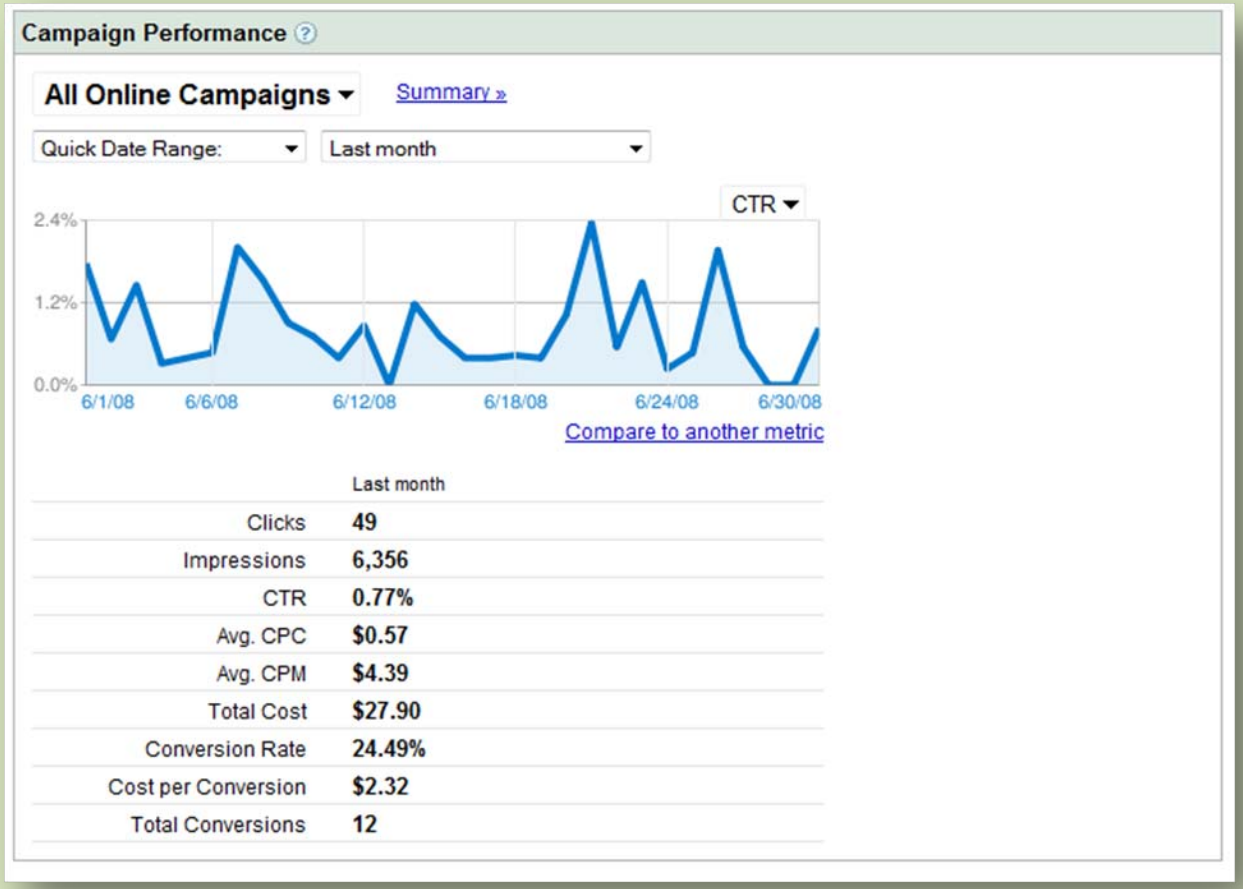
- Anyone can do it.
- (Almost) Everyone does it.
- Helps drive traffic to you
- Usually the traffic doesn’t convert
- But when it does convert it can be big
- Improves search rankings
- If you have one, watch what you say!

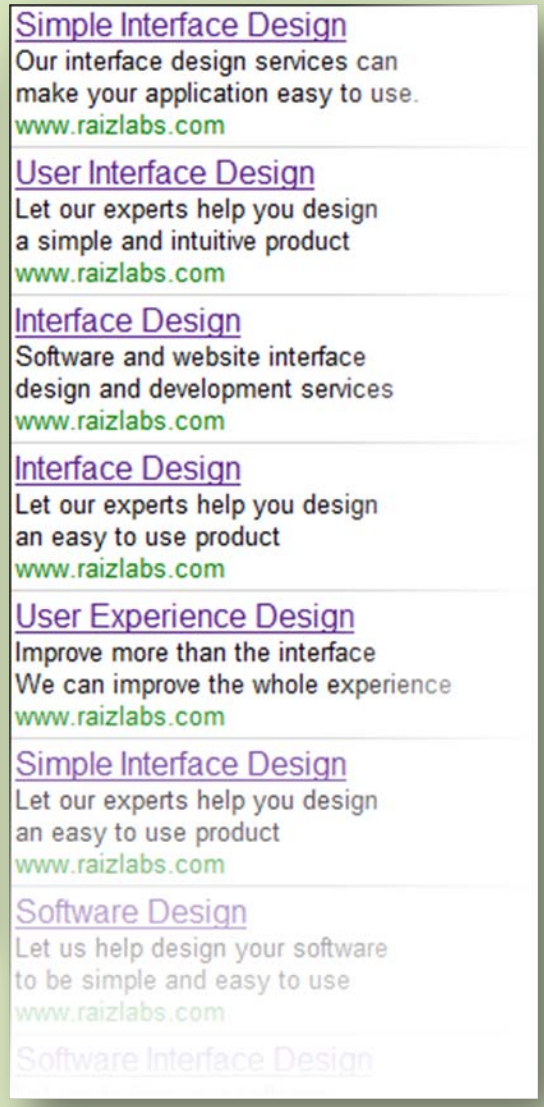
Advertising

- Conversion Rate = % of people that perfom the action you want
- Click through Rate = % of people that click on your ad
- CPM = Cost per thousand views (roman M)



Advertising



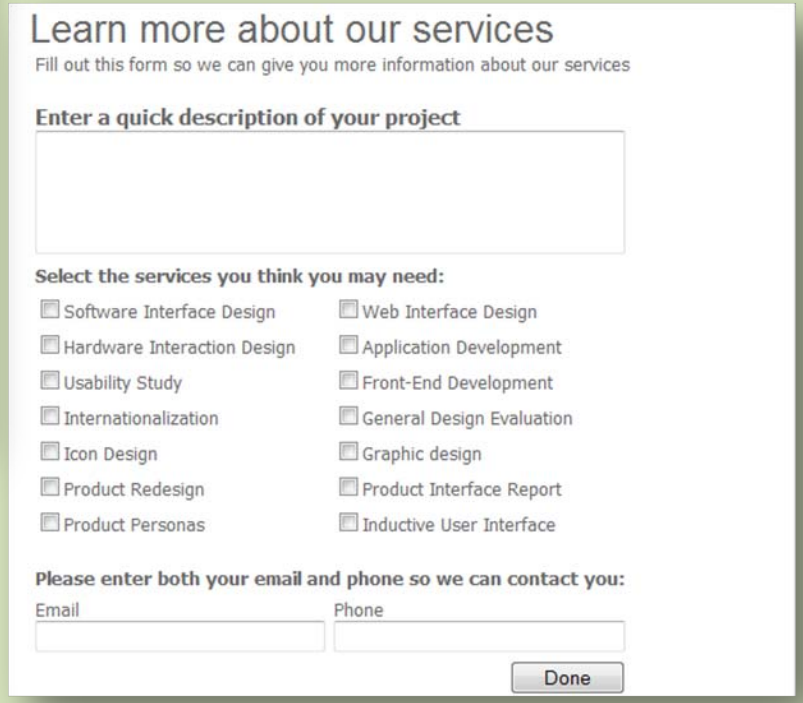


	Frequently	Sometimes	Rarely	Never	Rating Average	Response Count
Referrals from friends / colleagues	**65.6% (61)**	28.0% (26)	6.5% (6)	0.0% (0)	1.41	93
Referrals from previous clients	42.9% (39)	**44.0% (40)**	9.9% (9)	3.3% (3)	1.74	91
More work from previous clients	**69.6% (64)**	27.2% (25)	2.2% (2)	1.1% (1)	1.35	92
Work from previous employers	14.8% (12)	25.9% (21)	27.2% (22)	**32.1% (26)**	2.77	81
Internet contacts via professional networking sites	7.0% (6)	**34.9% (30)**	31.4% (27)	26.7% (23)	2.78	86
Internet via your website	16.3% (14)	**36.0% (31)**	24.4% (21)	23.3% (20)	2.55	86
Traditional paper or web ads (e.g., google ads)	2.5% (2)	10.0% (8)	7.5% (6)	**80.0% (64)**	3.65	80
Internet via lists you participate in	3.6% (3)	18.1% (15)	27.7% (23)	**50.6% (42)**	3.25	83
From face-to-face events (talks, conferences, courses you taught...)	10.2% (9)	**37.5% (33)**	30.7% (27)	21.6% (19)	2.64	88
From headhunters/recruiters	3.6% (3)	18.1% (15)	18.1% (15)	**60.2% (50)**	3.35	83
Other (specify below)	10.3% (3)	6.9% (2)	0.0% (0)	**82.8% (24)**	3.55	29

Other Ways to Market

- Newsletters
- Holiday cards
- Swag
- Events
- E-books

All Lead into Website and Email



INTERNET MARKETING & SEO

Internet Marketing

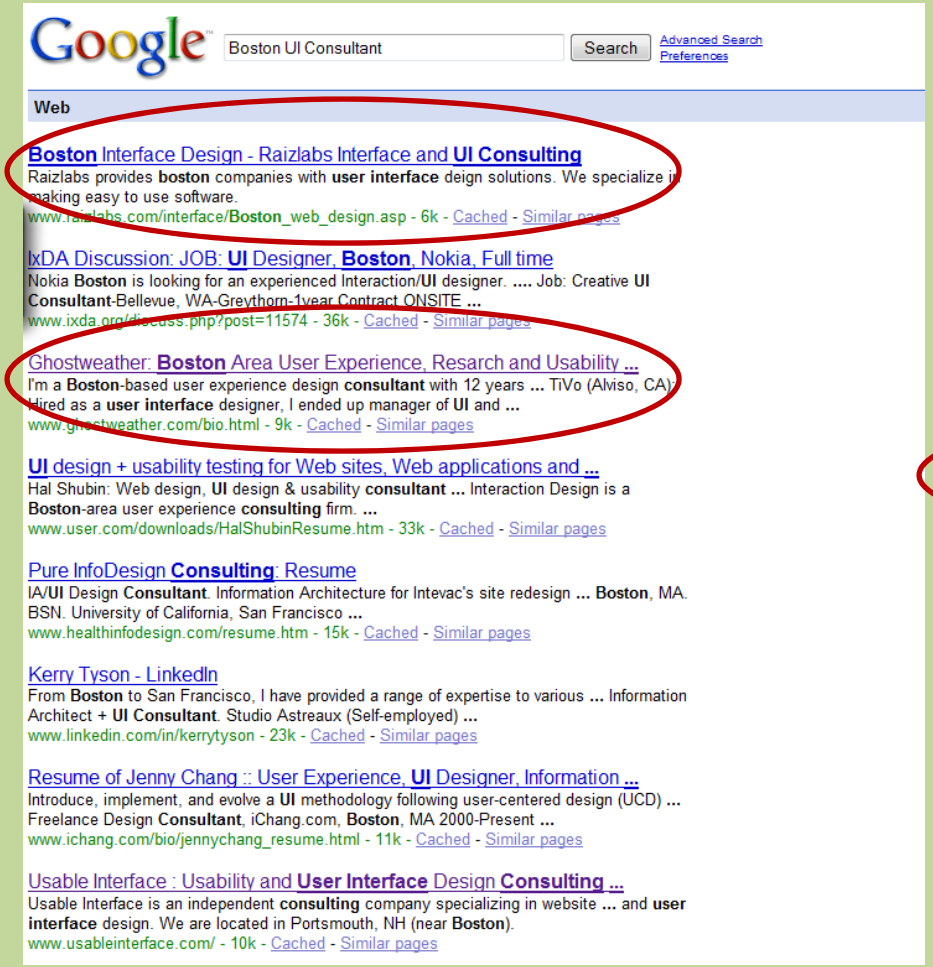
- Have a web presence – madatory!
- Drive traffic to your site from other sites/presence you create
- People will definitely google your name. Be aware.

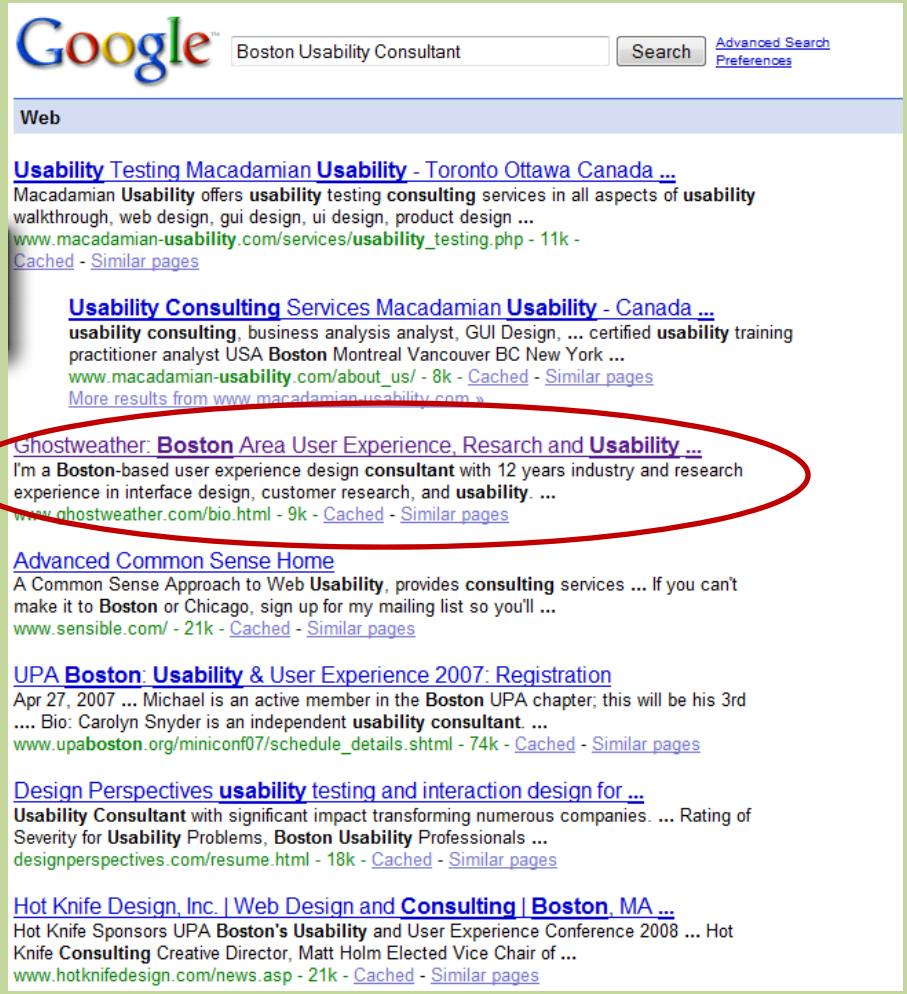
Activity: Try it now

- Google your own name
- Google your first name + your niche
- Try the words you expect people to use to find you and see what comes up.

- How do you get there?

Get Googled!

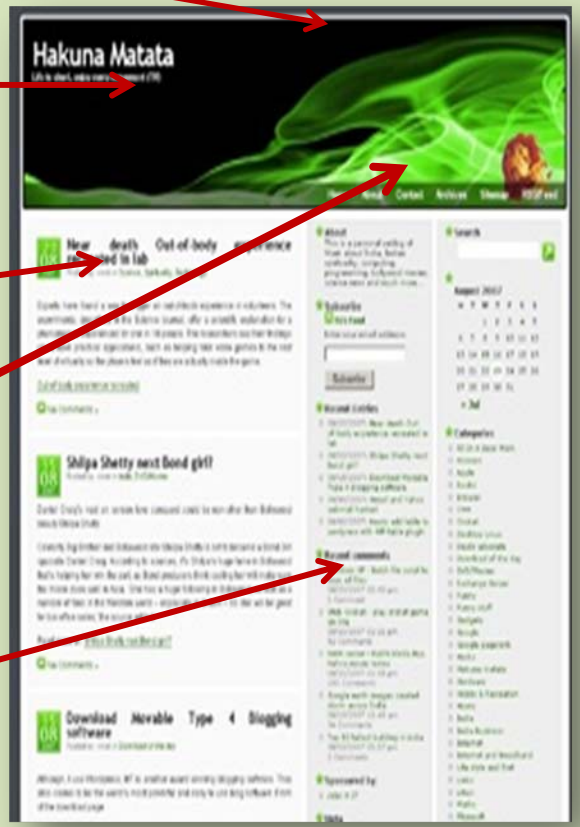

Google
Boston UI Consultant
Search
Advanced Search
Preferences
Web
Boston Interface Design - Raizlabs Interface and UI Consulting
Raizlabs provides boston companies with user interface deign solutions. We specialize in making easy to use software.
www.raizlabs.com/interface/Boston_web_design.asp - 6k - Cached - Similar pages
IxDA Discussion: JOB: UI Designer, Boston, Nokia, Full time
Nokia Boston is looking for an experienced Interaction/UI designer. .... Job: Creative UI Consultant-Bellevue, WA-Greythorn-1year Contract ONSITE ...
www.ixda.org/discuss.php?post=11574 - 36k - Cached - Similar pages
Ghostweather: Boston Area User Experience, Research and Usability ...
I'm a Boston-based user experience design consultant with 12 years ... TiVo (Alviso, CA). Hired as a user interface designer, I ended up manager of UI and ...
www.ghostweather.com/bio.html - 9k - Cached - Similar pages
UI design + usability testing for Web sites, Web applications and ...
Hal Shubin: Web design, UI design & usability consultant ... Interaction Design is a Boston-area user experience consulting firm. ...
www.user.com/downloads/HalShubinResume.htm - 33k - Cached - Similar pages
Pure InfoDesign Consulting: Resume
IA/UI Design Consultant. Information Architecture for Intevac's site redesign ... Boston, MA. BSN. University of California, San Francisco ...
www.healthinfodesign.com/resume.htm - 15k - Cached - Similar pages
Kerry Tyson - LinkedIn
From Boston to San Francisco, I have provided a range of expertise to various ... Information Architect + UI Consultant. Studio Astreaux (Self-employed) ...
www.linkedin.com/in/kerrytyson - 23k - Cached - Similar pages
Resume of Jenny Chang :: User Experience, UI Designer, Information ...
Introduce, implement, and evolve a UI methodology following user-centered design (UCD) ... Freelance Design Consultant, iChang.com, Boston, MA 2000-Present ...
www.ichang.com/bio/jennychang_resume.html - 11k - Cached - Similar pages
Usable Interface : Usability and User Interface Design Consulting ...
Usable Interface is an independent consulting company specializing in website ... and user interface design. We are located in Portsmouth, NH (near Boston).
www.usableinterface.com/ - 10k - Cached - Similar pages


Google
Boston Usability Consultant
Search
Advanced Search
Preferences
Web
Usability Testing Macadamian Usability - Toronto Ottawa Canada ...
Macadamian Usability offers usability testing consulting services in all aspects of usability walkthrough, web design, gui design, ui design, product design ...
www.macadamian-usability.com/services/usability_testing.php - 11k - Cached - Similar pages
Usability Consulting Services Macadamian Usability - Canada ...
usability consulting, business analysis analyst, GUI Design, ... certified usability training practitioner analyst USA Boston Montreal Vancouver BC New York ...
www.macadamian-usability.com/about_us/ - 8k - Cached - Similar pages
More results from www.macadamian-usability.com »
Ghostweather: Boston Area User Experience, Research and Usability ...
I'm a Boston-based user experience design consultant with 12 years industry and research experience in interface design, customer research, and usability. ...
www.ghostweather.com/bio.html - 9k - Cached - Similar pages
Advanced Common Sense Home
A Common Sense Approach to Web Usability, provides consulting services ... If you can't make it to Boston or Chicago, sign up for my mailing list so you'll ...
www.sensible.com/ - 21k - Cached - Similar pages
UPA Boston: Usability & User Experience 2007: Registration
Apr 27, 2007 ... Michael is an active member in the Boston UPA chapter; this will be his 3rd .... Bio: Carolyn Snyder is an independent usability consultant. ...
www.upaboston.org/miniconf07/schedule_details.shtml - 74k - Cached - Similar pages
Design Perspectives usability testing and interaction design for ...
Usability Consultant with significant impact transforming numerous companies. ... Rating of Severity for Usability Problems, Boston Usability Professionals ...
designperspectives.com/resume.html - 18k - Cached - Similar pages
Hot Knife Design, Inc. | Web Design and Consulting | Boston, MA ...
Hot Knife Sponsors UPA Boston's Usability and User Experience Conference 2008 ... Hot Knife Consulting Creative Director, Matt Holm Elected Vice Chair of ...
www.hotknifedesign.com/news.asp - 21k - Cached - Similar pages

Get found by others: SEO basics

- Use real page titles (<title> tag), make them differ across pages.
- Put the words you want in your important page titles (“Boston UX consultant” etc)
- Use H1, H2, H3 for tagging important content (don’t override them with styles)
- Use good, plain, catchy titles on posts and documents
- Put alt tags on images in your document that help it be indexed
- Link and be linked to (post your url in comments on other blogs, etc)

- Have good text content! And refresh it.

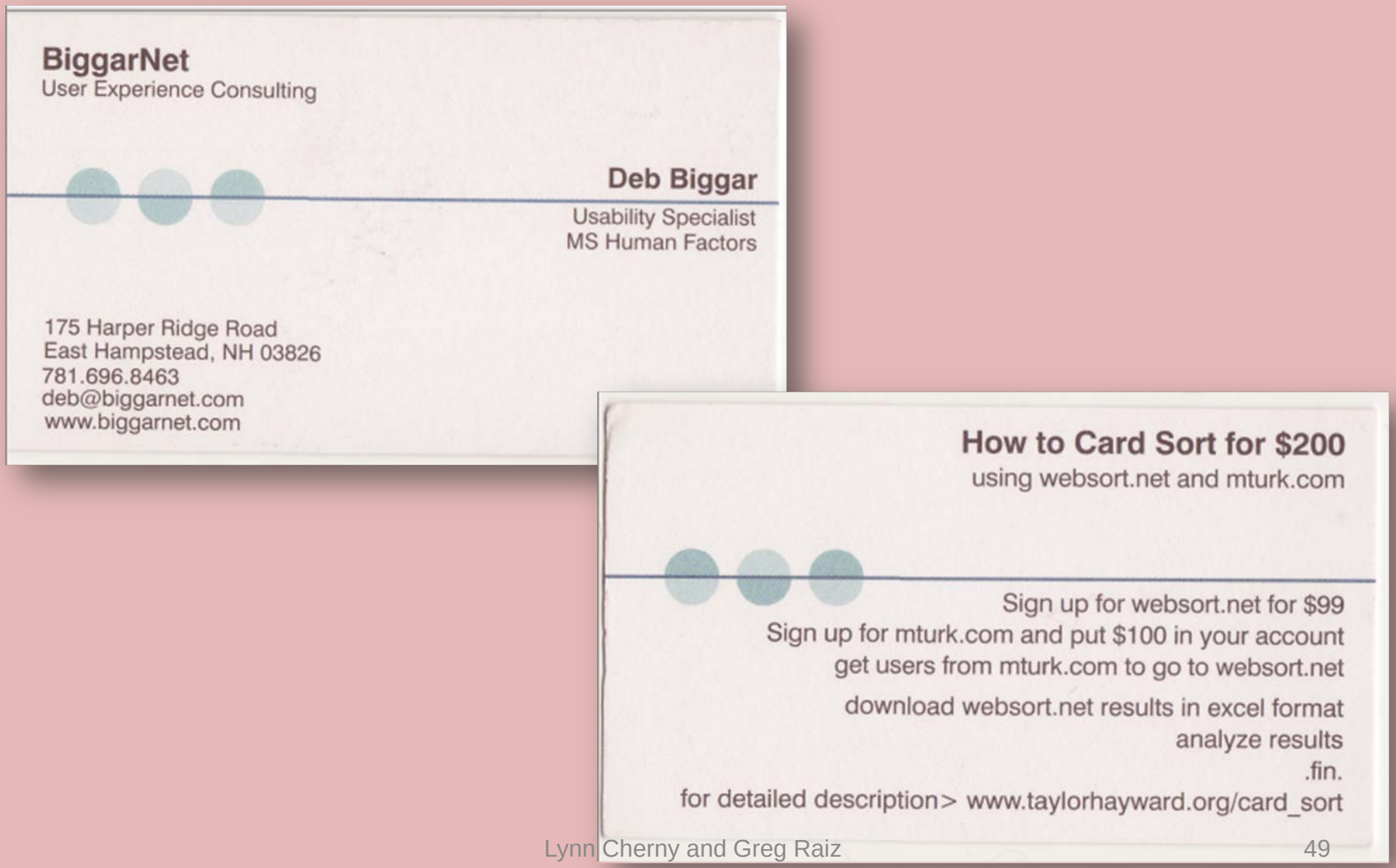


BUSINESS CARDS

Business Card Resources

- VistaPrint and other fast resources – cheap, easy (www.vistaprint.com)
- Overnight Prints – High Quality stock, rounded corners (not always overnight)
- MOO Cards from Flickr – a way to be original, without a lot of design overhead

Vistaprint templates



Other Professions

Personality

The boring resume approach and the ones people really like…

User Experience Consulting:

Design
Requirements
Ethnography
Data Analysis

Lynn Cherny, Ph.D.

lynn@ghostweather.com

10 years industry and research expertise

TiVo, Excite, Adobe, Autodesk, European consulting

www.ghostweather.com

Lynn’s Evolutionary Process

Raw material

Tip: Stanford's Vector Magic site… convert your photo to a vector object you can work with!

GHOSTWEATHER
RESEARCH & DESIGN

GHOSTWEATHER
RESEARCH & DESIGN
Lynn Cherny, PhD
Customer research
& interaction design
formerly at TiVo,
Excite, Adobe, AT&T
Labs, Autodesk, The
MathWorks
www.ghostweather.com

Interface • Imagination • Invention • Design
Raizlabs
Creative Solutions
Gregory Raiz
President
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Raizlabs Corporation
1330 Beacon St, #225
Brookline, Ma 02446
Office: 617.820.5206
Cell: 617.935.1717
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LUNCH AND CARD EXCHANGE

PROPOSALS AND CONTRACTS

Proposals and Contracts

- Understand what the client wants
- Scope the work (project/hourly)
- Summary
- Legal stuff
- Milestones and Deliverables
- Upfront payment
- Maintenance and longer term projects
- Schedule

Understanding Needs

- Who is the existing team?
- What skills are on the team?
- What gap/problem are you going to fill?
- How will they measure your success?
- Can you do it yourself?
- If not who can help you bid/quote?

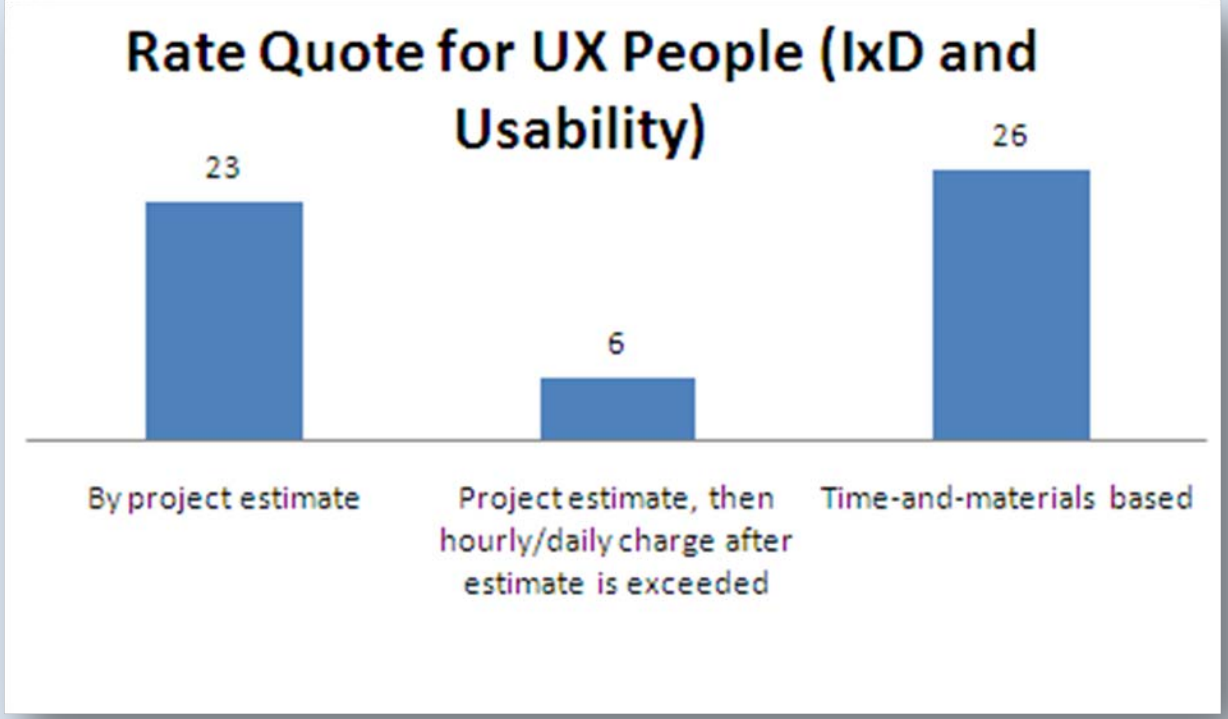
Do you even want this job?

- Client personality
- Client problem
  - "Make sure you agree with the client on what the problem is before you agree to the job."
- Is your client ready to accept your recommendations?
- Can you agree on a timetable?
- Can you agree on who is responsible for each task? (Agree in writing.)

Scope the work

- Hourly vs. Project – depends on the client, project size and expected durration.
- Be clear about what you will and won't do
- If using a project protect yourself from scope creep.
- Design is iterative so build in iteration cycles or revision milestones.
- Hourly is easier but can be unpredictable

“How do you quote rates?”



Sample Proposal

Raizlabs
Creative Solutions

Proposal

Last updated: 7/16/2008 3:17 PM

Title	Name
Client	[redacted]
Representatives	[redacted]
Raizlabs Contact	Gregory Raiz graiz@raizlabs.com Phone: 617.820.5206

Overview

This project covers the design and development of the front end of the [redacted] web site. The scope of the front end design and development includes the following:

- Creation of basic brand and logo
- 8-10 Professional wireframes reflecting real look and feel
- Back end analysis
- Software implementation of 8-10 pages based on wireframes.

Creation of Brand and Logo

We will perform several explorations concerning the aesthetic of logos and icons to be used throughout BetterLesson.com. Through several iterations, we will narrow down the desired look and feel that will apply to the entire website.

Wireframes

Over the course of the project, up to 10 professional wireframes will be produced, reflecting the updated branding of the site, as well as the desired functionality that will be part of the software implementation process.

Back End Analysis

We will need to analyze any current software or back end infrastructure that has been in place to support this project. We assume that the architecture can be expanded

1) Authorization

The above-named Client hereby engages Raizlabs, and Raizlabs accepts the engagement, as an independent contractor for the specific purpose of designing and developing features and functionality for an application (the application and all intellectual property associated therewith of every kind is referred to as the "**Development Project**") to be owned and distributed by the Client. The Client hereby authorizes Raizlabs to access design documents, pre-release code, databases, applications, screen shots and other privileged information relating to this project subject to Client's terms and conditions and restrictions on use.

2) Copyrights and Trademarks

The Client unconditionally guarantees that any elements of text, photos, graphics, icons, software code or other content furnished to Raizlabs for inclusion in the Development Project are owned by the Client, or that the Client has permission from the rightful owner to use each of these elements, and will hold harmless, protect, indemnify and defend Raizlabs, its employees and its subcontractors from any liability so long as Raizlabs follows Clients instructions for use.

3) Maintenance

This agreement includes minor design maintenance for a two month period after the completion of the project, including updating text and making minor fixes and changes. Maintenance does not include adding new functionality or new pages, replacing large sections of the application or any re-architecture. Additional maintenance will be billed at an hourly rate.

4) Completion Date

Raizlabs and the Client must work together to complete the Development Project in a timely manner. We agree to work expeditiously to complete the Development Project according to the milestones outlined in Attachment A. Raizlabs will work with the client to establish delivery dates for any key milestones.

5) Project Delivery

The final Development Project, specifications, source-code, libraries, executables,

Contracts & Proposal Sections

aka “Terms of Service”

-Overview
-Authorization
-Copyright and trademarks
-Completion Dates
-Deliverables
-Indemnification
-Duration and Cancelation
-Payment Schedule
-Work Milestones
-Cost
-Billing structure
-Late payment
-Interim charge cap
-Schedule for project
-No spec work
-Termination of services
-Ownership rights
-Sudden or unforeseen clause

All Contracts Must Have At Least These

- An offer (= proposal for work)
- Acceptance language (usually with time limit)
- Consideration (= payment clause)

Upfront payment

- For Startups and less established companies (30-50%) upfront
- Can be used to start your consulting business with little or no upfront cash (you have no cash cushion)
- Doesn’t work for larger companies
- Doesn’t work for large projects
- Also use interim-caps

  -Get paid for every x dollars of work done
- Net Terms (30/60)

Tip: Maintenance Phase Offer

- Keep your clients engaged for longer
- Consistent revenue when times are slow
- Foot in the door for future projects

Schedule

- Keep track of time (both hourly and project)
- Experience will help you estimate future work
- Watch for scope creep as it will impact the schedule
- Horror Story: Their schedule was 9 months off

Closing the deal… Tips and Tricks

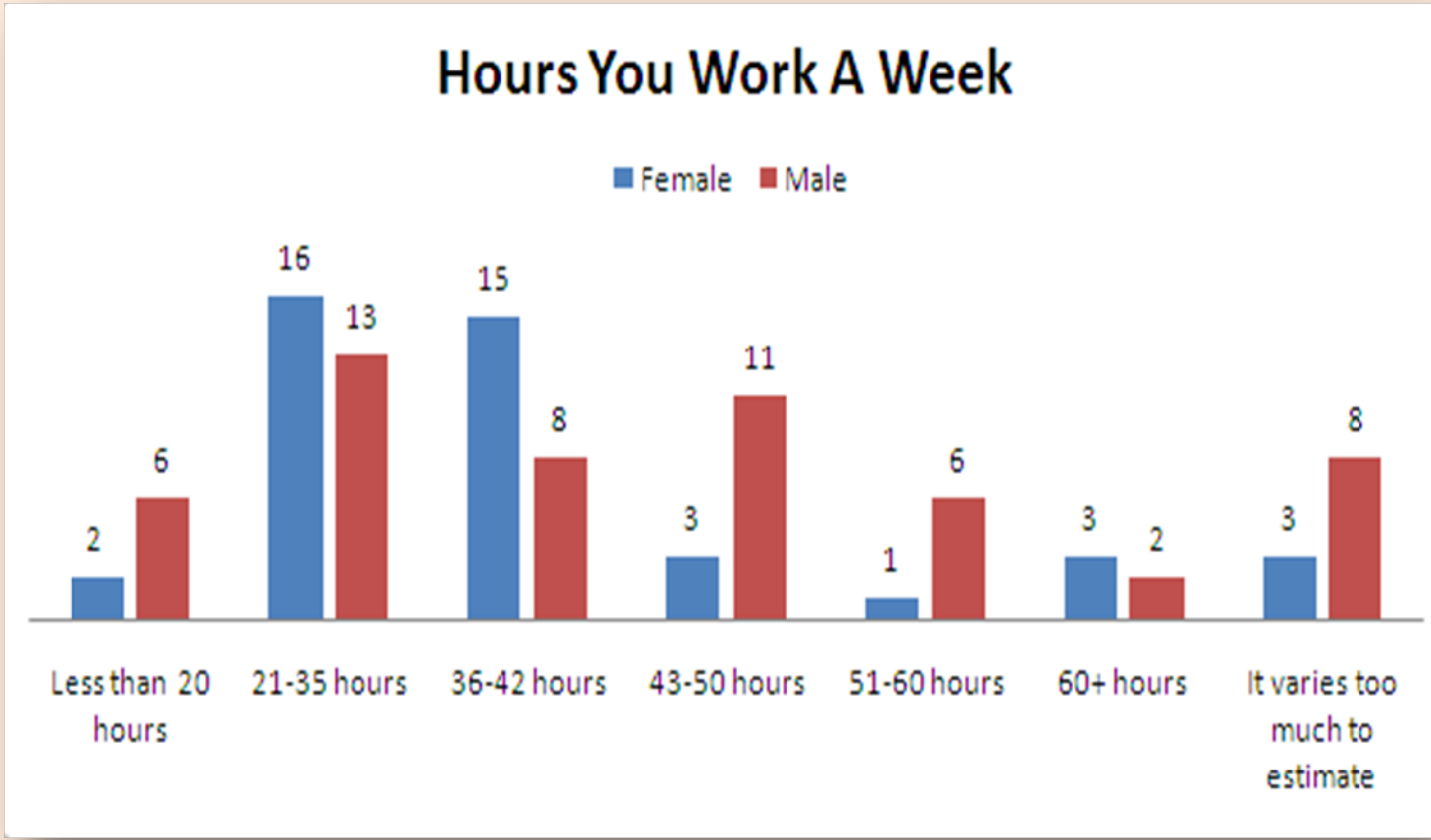
- Follow up, thank you
- Gifts and notes
- Underbid?
- References
- Spec work? High Risk
- Meet the rest of the team
- Others?

RATES TO CHARGE

Calculations up from last annual salary

5 days * 52 weeks = weekdays	260 base
Minus 6 national holidays, 10 days vacation, 2 personal days, 5 days sick leave =	237 working days
Assume work day of 7.5 hours (lunch isn't paid time):	=1777.5 hours
Assume last annual salary:	$100K
This means you were making:	$56/hour

Survey says…



Women work fewer hours per week on average in this sample.

Off-the-shelf Software Costs!

Software	Cost
(Adobe Photoshop)	*($300 - $600)*
(Adobe Acrobat Professional)	*($288)*
(Adobe Dreamweaver)	*($270)*
OR Adobe Create Web Design Suite CS3	OR $1533 (new)
Office Professional 2007	$215
Visio Professional 2007	$279
Axure RP Pro	$589
Tableau (for stats)	$500
Concordance Software	$99
XLM Data Miner	$90
Adobe Premiere Elements	$73

And time between jobs…

3. What is the longest you've been between consulting jobs, looking for work?		Response Percent	Response Count
No time (have never had down-time)		11.7%	12
A few days		8.7%	9
A week or two		22.3%	23
Three to seven weeks		18.4%	19
Approximately two months		10.7%	11
More than two months		**28.2%**	29

Add into this rate your expenses…

- Health insurance: min. $400/month (me only)
- Software: $5000
- Conference: $2000
- Computer etc $1000

…estimate at least $10K for expenses to add

Missing assumptions that are also crucial:

Higher tax rate (self-employment rate), SEP IRA not 401K;

Unpaid days for business overhead (proposal writing, SEO, site building, prospecting etc) - reduce working days by 10-20 or more!

Unpaid time between clients/projects – hard to estimate.

Sample calculations, cont.

Former assumption of 237 base days….

Subtract unpaid work days and add in for breaks between jobs (20% estimate time, non-billable)

=190 billable days

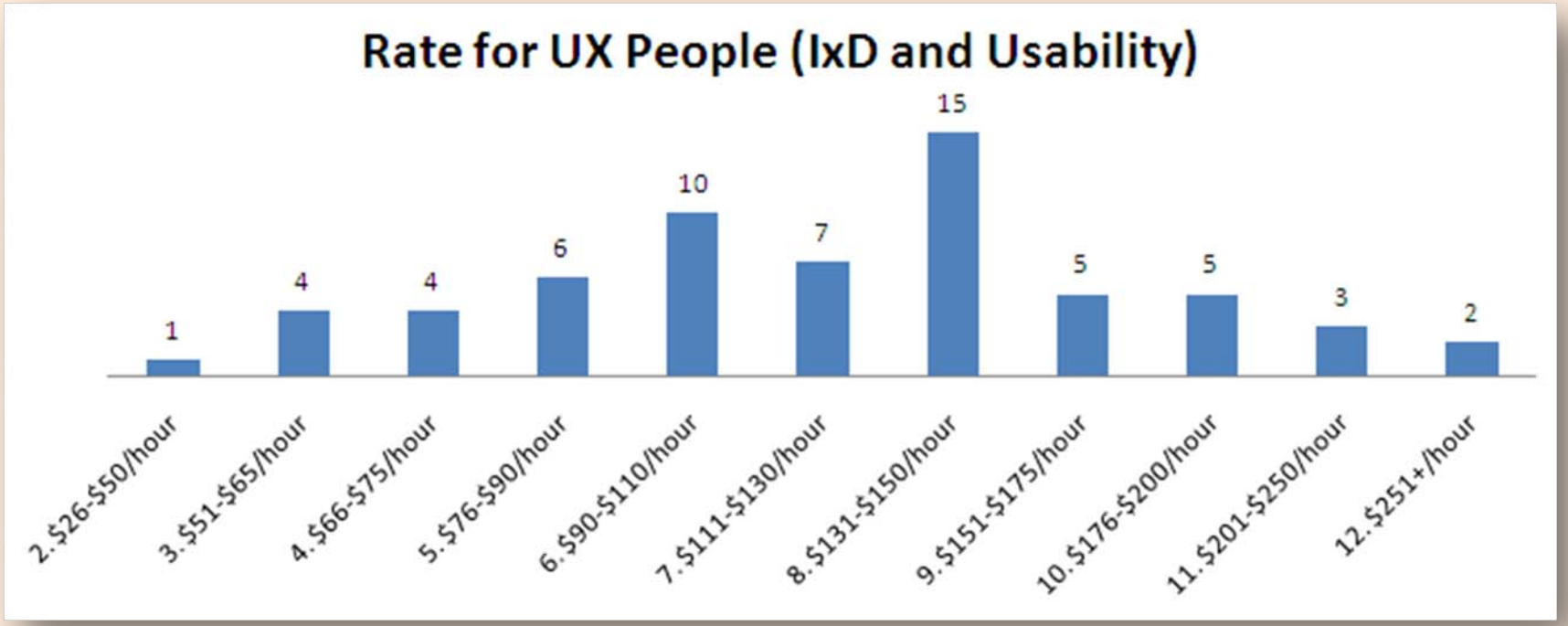
Times 7.5 hours/day

= 1425 hours

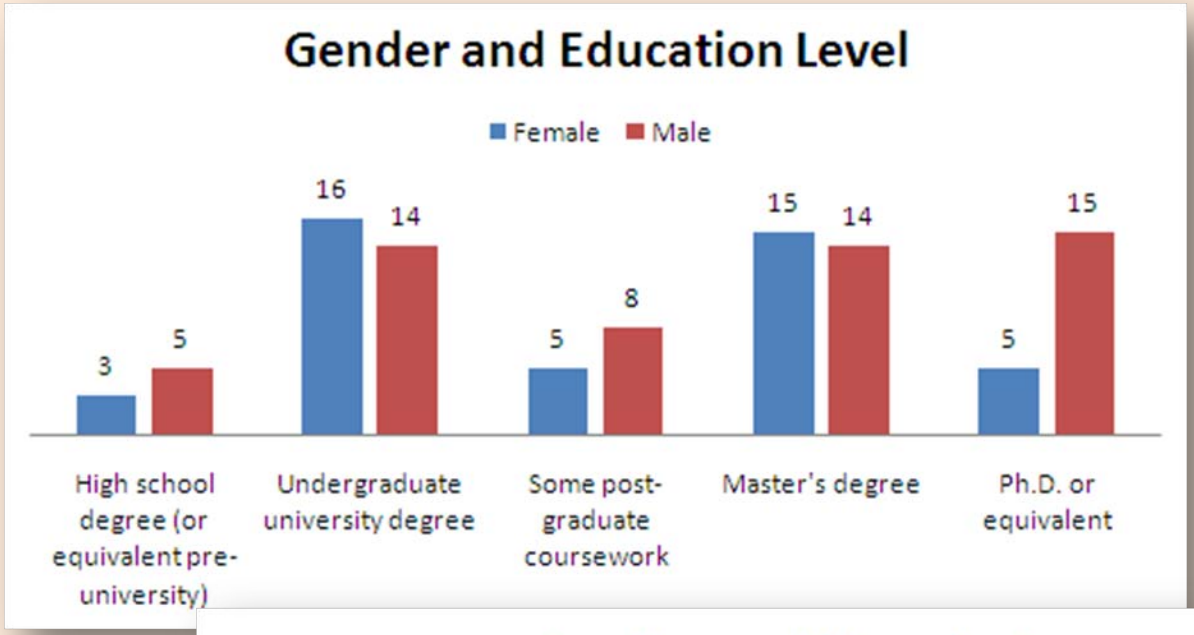
Aim for base $100 + 10K expenses = **$110K annual**

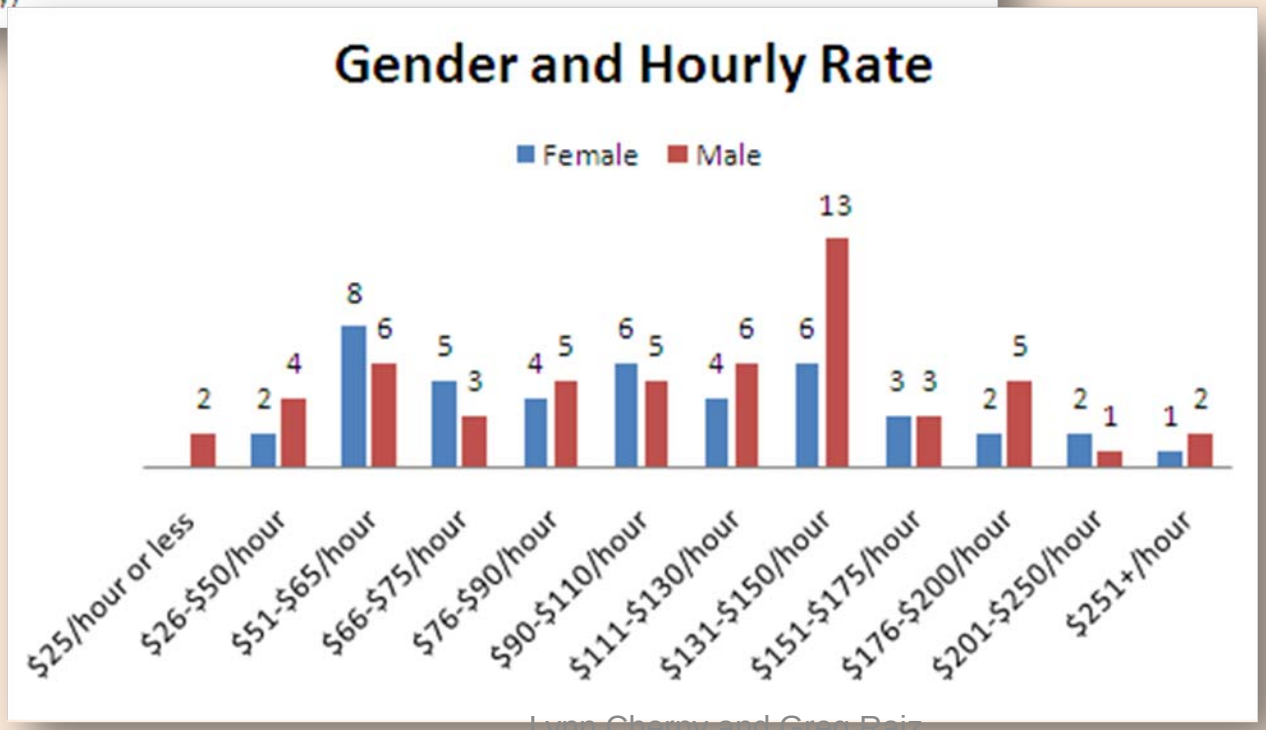
This means charge approximately = **$77/hour**

Actual Rates of UX/Usability People…



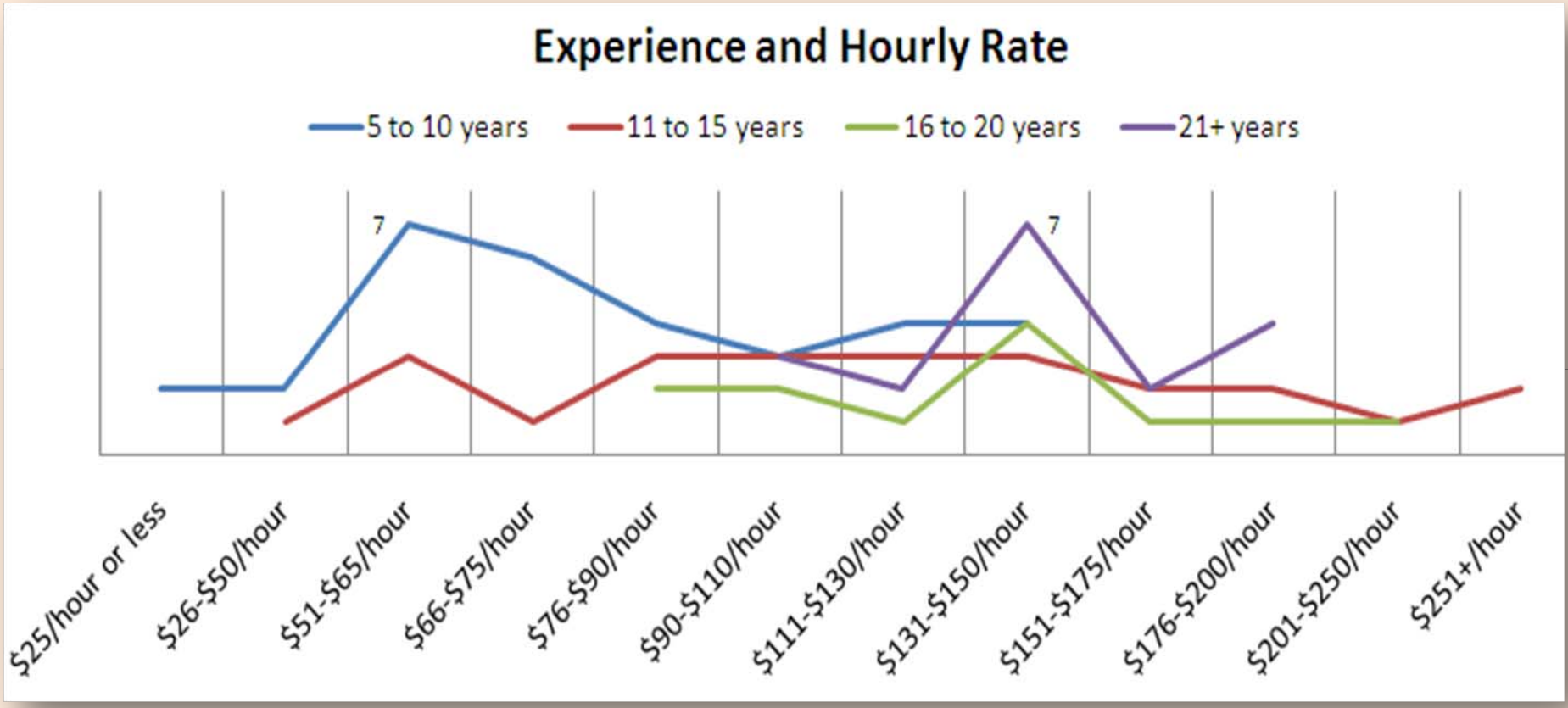
Visual designers and technical people are charging less, on average (it's a small sample, but consistent with Freelanceswitch findings).





Includes all types of consultants in the survey, not just UX.

Experience and Rate



Very different from freelanceswitch.com survey rates!

Hourly Rate x Industry x Gender

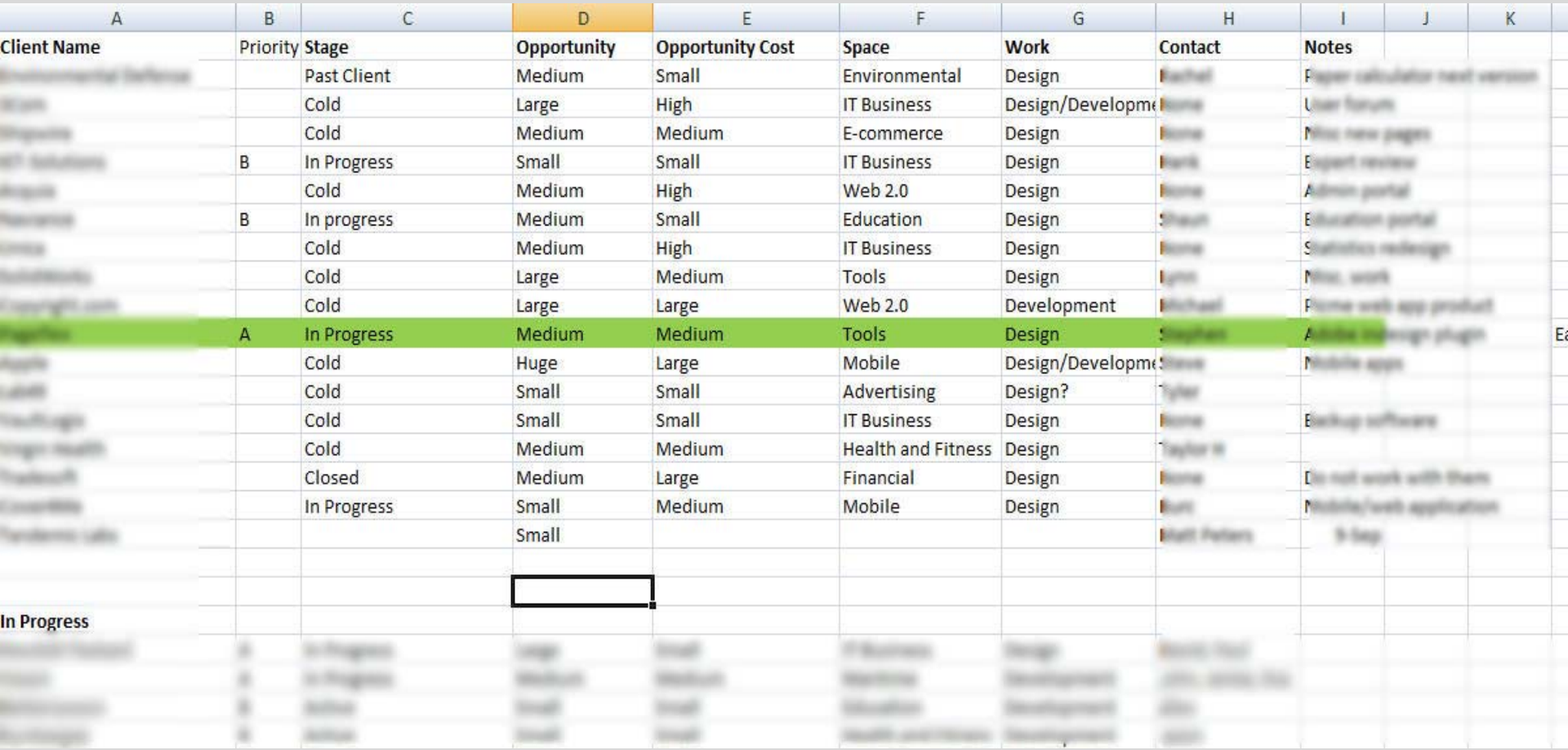
	Web Designer	Graphic Designer	Programmer	Writer	Illustrator	Video	Project Mgt	Software	3D	Photographer
Female	$42	$44	$65	$44	$35	$53	$49	$63	$50	$77
Male	$46	$50	$47	$44	$42	$52	$60	$73	$48	$64

Our UX survey sources were older, better educated, more full-time, and in slightly more specialized roles.

Tips and Tricks

- Commonwealth Choice health coverage via MA – easy to get good rates here
- Free software options – open source or from friends
  - Google Apps for domains (and apps)
  - Stay compatible with Office docs
- You can change your rates, but with care.

CLIENT MANAGEMENT



A	B	C	D	E	F	G	H	I	J	K
Client Name	Priority	**Stage**	**Opportunity**	**Opportunity Cost**	**Space**	**Work**	**Contact**	**Notes**		
[illegible]		Past Client	Medium	Small	Environmental	Design	[illegible]	[illegible]		
[illegible]		Cold	Large	High	IT Business	Design/Developme	[illegible]	[illegible]		
[illegible]		Cold	Medium	Medium	E-commerce	Design	[illegible]	[illegible]		
[illegible]	B	In Progress	Small	Small	IT Business	Design	[illegible]	[illegible]		
[illegible]		Cold	Medium	High	Web 2.0	Design	[illegible]	[illegible]		
[illegible]	B	In progress	Medium	Small	Education	Design	[illegible]	[illegible]		
[illegible]		Cold	Medium	High	IT Business	Design	[illegible]	[illegible]		
[illegible]		Cold	Large	Medium	Tools	Design	[illegible]	[illegible]		
[illegible]		Cold	Large	Large	Web 2.0	Development	[illegible]	[illegible]		
[illegible]	A	In Progress	Medium	Medium	Tools	Design	[illegible]	[illegible]		
[illegible]		Cold	Huge	Large	Mobile	Design/Developme	[illegible]	[illegible]		
[illegible]		Cold	Small	Small	Advertising	Design?	[illegible]			
[illegible]		Cold	Small	Small	IT Business	Design	[illegible]	[illegible]		
[illegible]		Cold	Medium	Medium	Health and Fitness	Design	[illegible]			
[illegible]		Closed	Medium	Large	Financial	Design	[illegible]	[illegible]		
[illegible]		In Progress	Small	Medium	Mobile	Design	[illegible]	[illegible]		
[illegible]			Small				[illegible]	[illegible]		
In Progress										
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			

12 Breeds of Client

http://freelanceswitch.com/clients/12-breeds-of-client-and-how-to-work-with-them/

How To Work With One:

Make sure your budget client realizes they are on a budget and that therefore their work may not always be first priority and that you probably can't get those extra changes or revisions in because it simply doesn't make good business sense. If your budget client gets aggressive or manifests other negative traits, accept that they aren't worth it and let them go.

How To Work With One:

The you-should-be-so-lucky client can be a great asset to your portfolio, but that will be the main reason to do the job. Because everybody wants this type of job (until they've actually got some) there are many talented but green freelancers more than happy to work for almost nothing. If you are a student this can be a great thing to do, but for a seasoned freelancer it can impact your cash flow. So pick your you-should-be-so-lucky clients carefully and use them sparingly to impact your portfolio or break up the monotony of corporate jobs. And of course, make sure you enjoy being that damn cool!

During the engagement

- How's it going?
- Milestone checkins
- Pitch more work
- Scale back or redefine scope of job
- Network up and out
  - VP, C-levels, other teams who may need you
  - Other consultants that you might work with later

Horror Stories

- Legal issues
- Bad Clients
  - Waste your time
  - Something for nothing
  - Won't pay
  - Doesn't understand their own business
- Startups
- Recruiters

Horror Stories

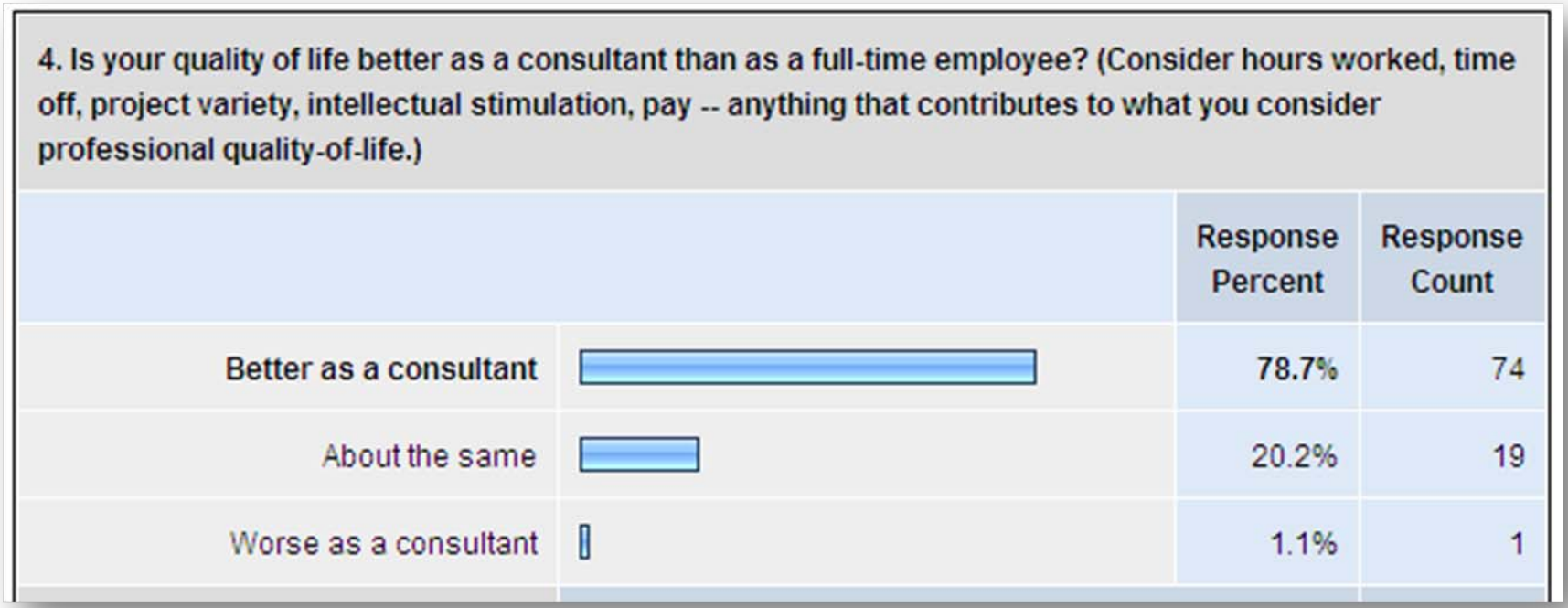
- You will make mistakes, plan for it
- Look for red flags
- Protect yourself
  - Timewasters – hourly rate, no partial hours
  - Something for nothing – project rate, quote high
  - Won't pay – pre-pay for work/milestones
- Startups
  - Avoid equity, limit risk if not funded

Horror Stories

- Recruiters
  - "They lie"
  - They are not your best friend
  - Take a cut off, work on commission (lowers your take rate substantively)
  - Can't get you jobs for much more than $75/hour – they will laugh at your real rate.
  - May make you interview twice (them, then client)
  - Spam phone calls and email forever
- 78% of survey respondents Never or Rarely use recruiters

Wrapping up…

Our survey says… life is generally better as a consultant.

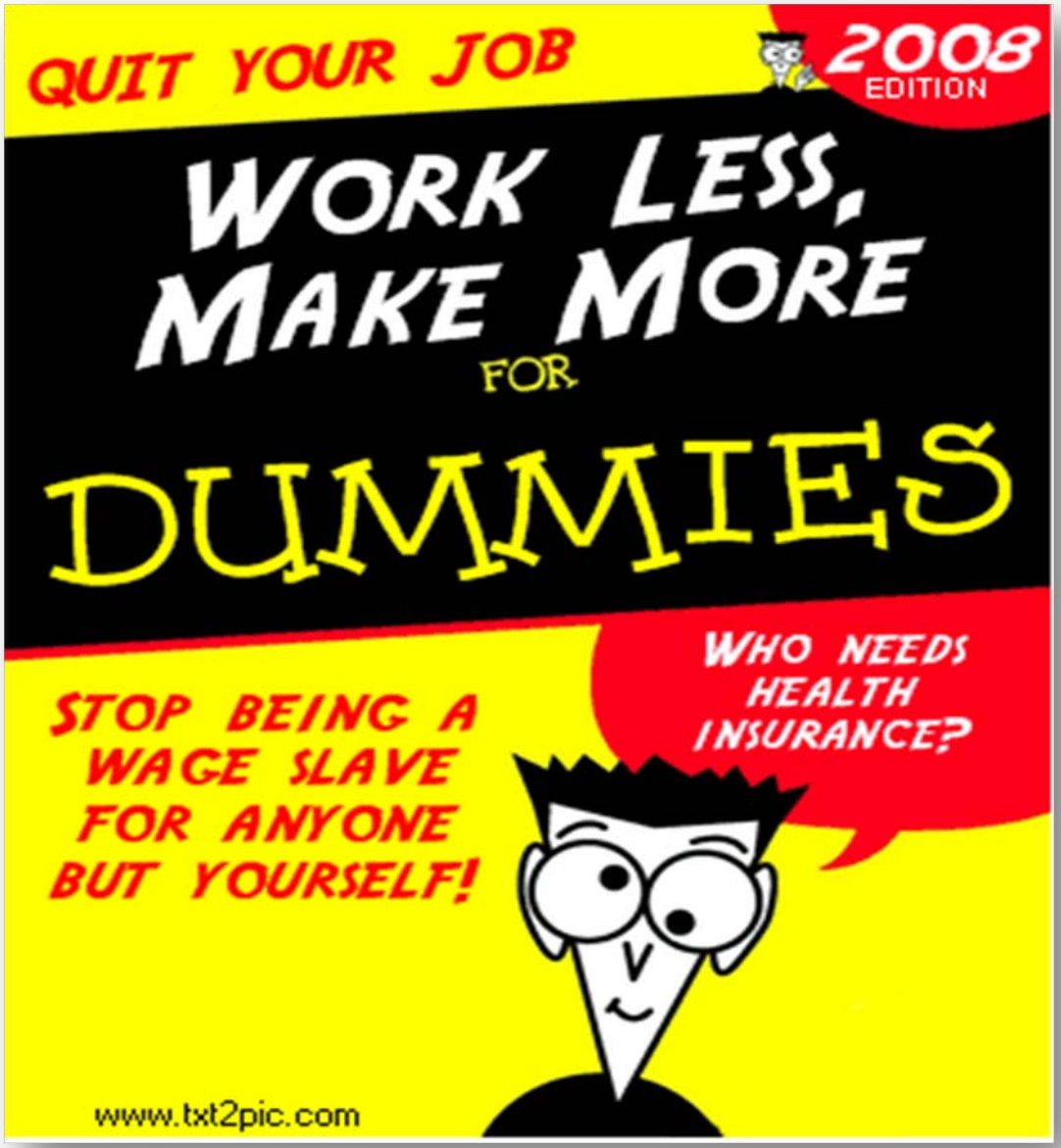


4. Is your quality of life better as a consultant than as a full-time employee? (Consider hours worked, time off, project variety, intellectual stimulation, pay -- anything that contributes to what you consider professional quality-of-life.)

	Response Percent	Response Count
Better as a consultant	78.7%	74
About the same	20.2%	19
Worse as a consultant	1.1%	1

Starting your business with no cash

- Moonlight while you're working full-time to build some client base
- Multiple jobs with flexible hours and benefits (Starbucks)
- Get paid up front (50%)
- Recruiter as a career-starter: Take some lower paying jobs to start with (W2 even)
- Convert your current job into consulting
- Interview as a full-time employee and then ask for consulting gig (caveats)
- Craigslist mini-projects



Unfortunately, this is not a real book.

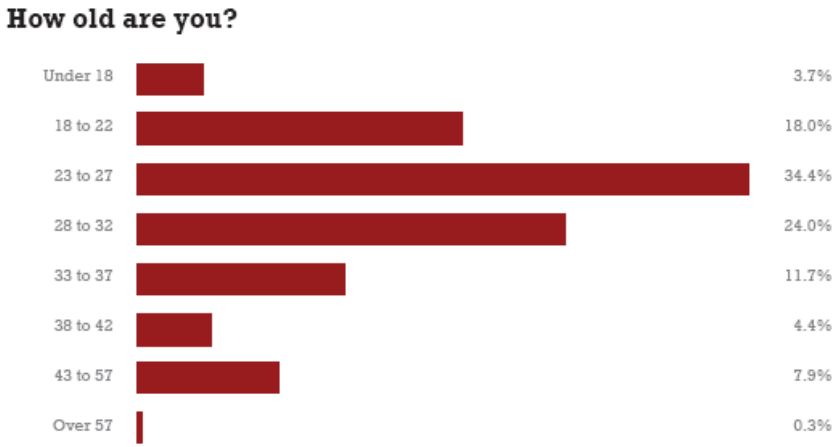
Thank you!

Lynn@GhostWeather.com

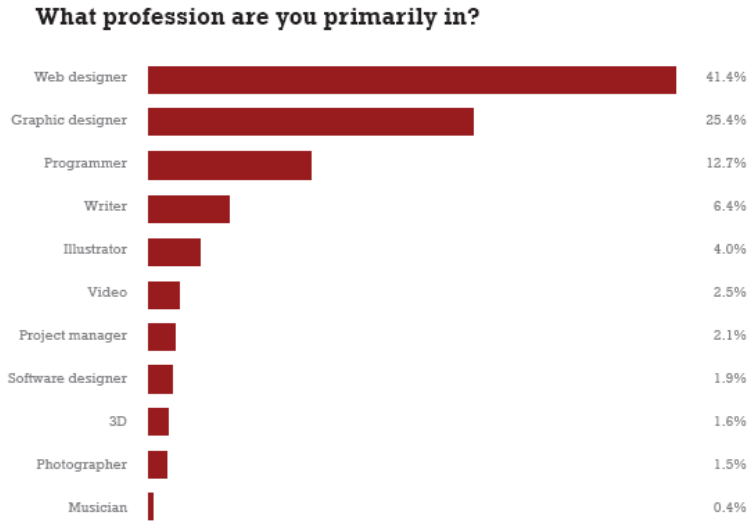
Graiz@raizlabs.com

A COUPLE EXTRA CHARTS

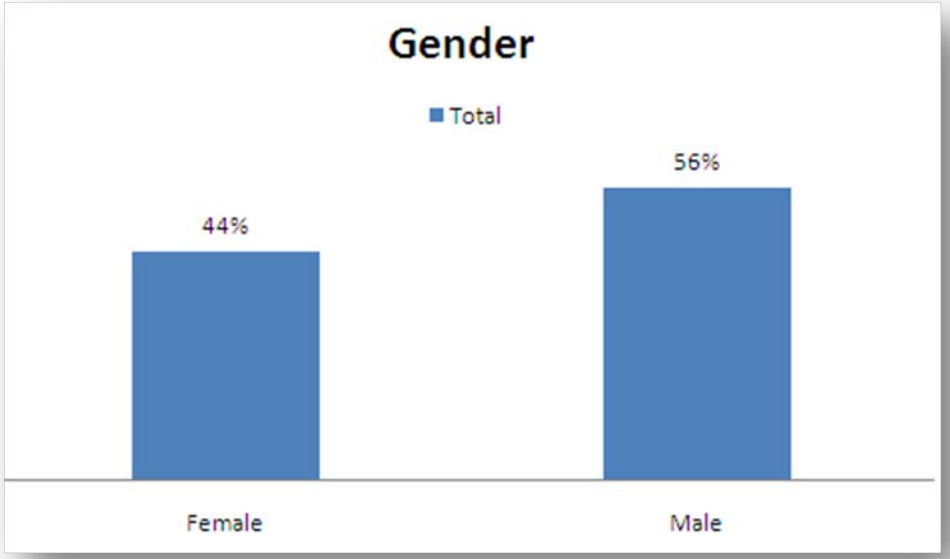
Freelanceswitch Survey Demogs

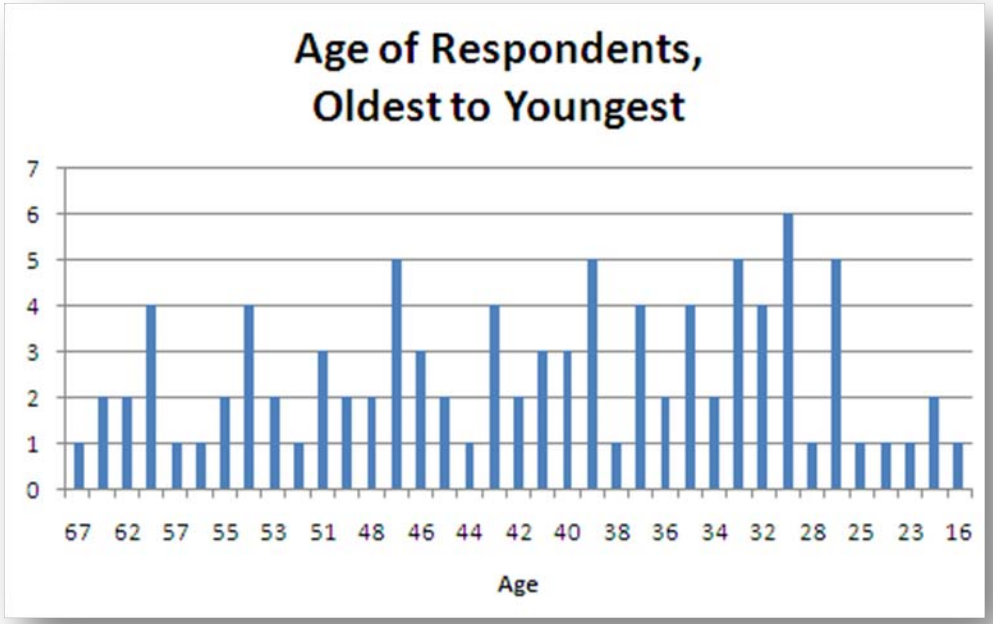


N=3700, freelanceswitch.com survey of creatives in 2007 - mostly young male web designers! Very different from our survey of UX folks.

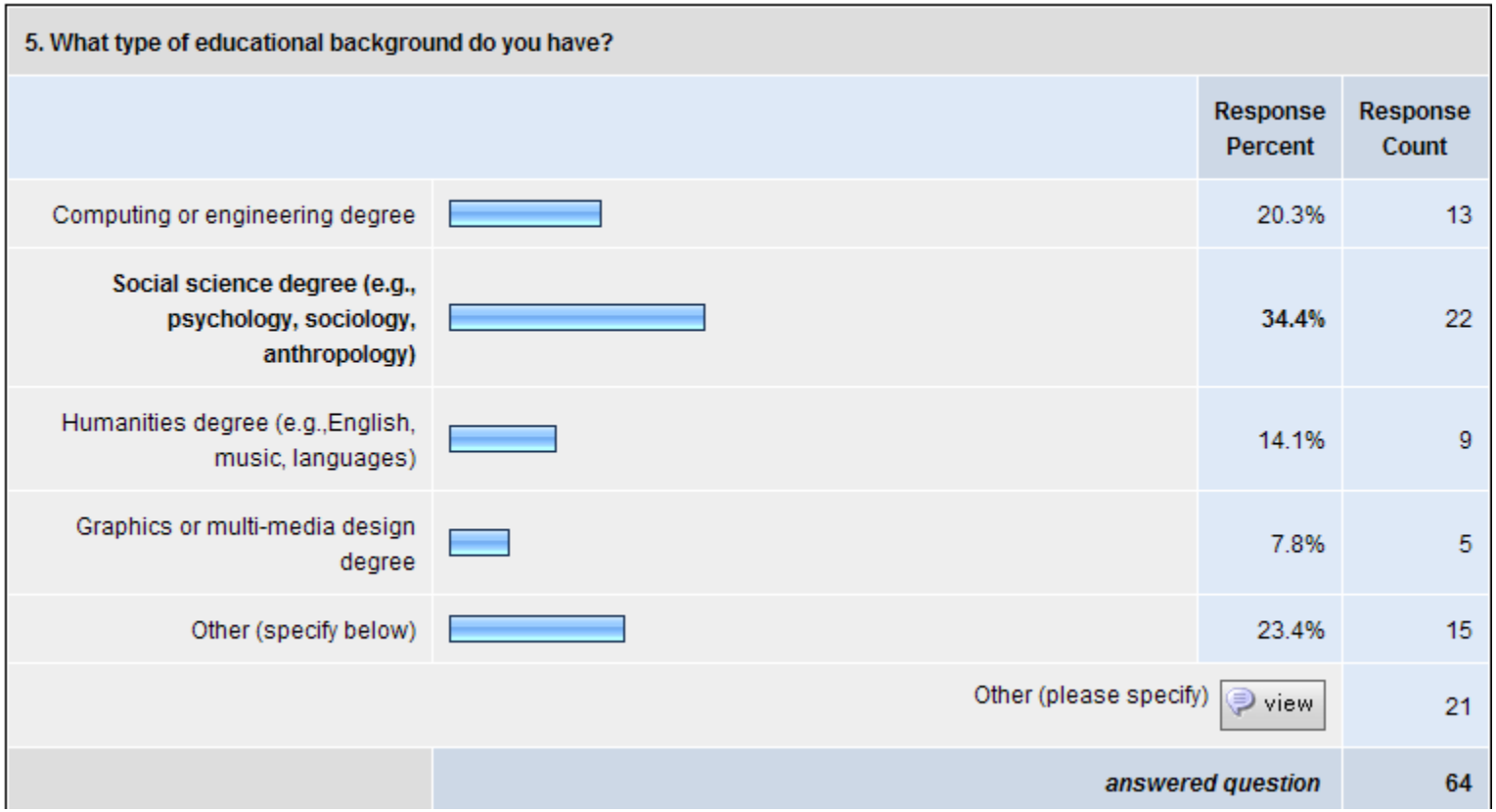


N=85, our survey
of
UX consultants





Educational background of UX folks only



5. What type of educational background do you have?

	Response Percent	Response Count
Computing or engineering degree	20.3%	13
Social science degree (e.g., psychology, sociology, anthropology)	**34.4%**	22
Humanities degree (e.g.,English, music, languages)	14.1%	9
Graphics or multi-media design degree	7.8%	5
Other (specify below)	23.4%	15
Other (please specify) view		21
answered question		**64**

Where they work from

	Response Percent	Response Count
Home office	**73.4%**	47
Your office (not at home)	14.1%	9
On client site	10.9%	7
Coffee shop or other public place	1.6%	1
Other (please specify) view		6
answered question		**64**